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West Europe Report

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4 April 1984

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BIRAND ON TRNC SEARCH FOR NEW IDENTITY

Istanbul MILLIYET in Turkish 6 Mar 84 p 7

[Article by M. Ali Birand in The Column "Corner": "Turkish Population of Cyprus Looks For New Identity"]

[Text] Nicosia - When visiting the TRNC [Turkish Republic of Northern Cyprus] one alternately feels amazed and disillusioned.

One can see that tremendous building, reconstruction is under way, the streets are immaculately clean, trade is lively, people are surrounded by an atmosphere of activity... Then one notices that sufficient progress has not been made in some fields, that projects which had been thought easy to realize have been stopped.

Within its own limits progress in the TRNC is very apparent. When it is compared to that of the Greek zone it still lags far behind... Yet, when one thinks how far the Turkish population has come it is very difficult to underestimate what has been done.

On the Turkish Cypriot population's 10th year of freedom, as the Turkish Republic of Northern Cyprus (KKTE) it leads a new, quite young, independent life... Anyone who visits the KKTE today can immediately see how far the Turkish population has come from 1974 to the present. And the most obvious sign of this evolution is the emergence of a way to look for a "new identity."

The Turkish Cypriot population of today no longer lives with the nightmare of the years before 1974. That era has been left behind. And it is quite normal that it should be so. Human nature demands it. The Turkish population, particularly after the independence decision, is asking itself the questions of giving itself a free rein and of "What am I, who am I, who should I be?" Both the 1974 Operations and Greek oppression are now forgotten. The struggle of everyday life has begun.

The Turkish Cypriot population of today has one single problem, the economy.

Not independence, not international recognition, nor the United Nations or formulas for solutions. Its only important problem now is to steer a population which spent a lifetime as "consumers" as soon as possible into the position of turning into "producers." It is obvious that peddling wares out of a suitcase

will get the Turkish Cypriot population nowhere and will force it into a lifetime of relying on assistance from Turkey. And it is this kind of possibility which could pave the way to preventing the birth of an identity for which there is a search today, and to the emergence of all sorts of frictions which could cause the greatest prejudice not only to the Turkish Cypriot population but to Turkey as well.

The Turkish Cypriot people are a people unto themselves. They have a deep seated belief in democracy, in human rights. They are among the rare populations of the Islamic world to be governed by local authorities who came to power through elections. And that is their greatest strength. They have a high cultural level, an understanding of the world and of life. In a number of ways they are different from many of our own Turkish people.

And so an independent KKTC which is poised in search of its new identity in order to assimilate it but which is faced with important economic problems and whose world is different from certain of our own notions, is entering a new phase about which we the TC [Turkish Republic] must be very careful. If care is not exercised we must realize that restlessness, signs of which are visible today, might increase further and that what the Greeks were unable to do we might do to ourselves. The danger has become apparent.

In a very mild way, taking care to hurt no one's feelings, they voice some reproaches. In some circles the tone of those reproaches has risen and goes as far as complaints, there are candid articles in the press.

As is known, there is a powerful Turkish presence in Cyprus.

- The Turkish Embassy comes foremost. It is excessively influential.
- There is the TC Assistance Committee which programs assistance and is attached to the Turkish Embassy. It controls and coordinates the flow of all basic investments and cash credits.
- A Turkish army close to 20,000 men is present and protects the borders.
- There are over 10,000 Turks who were TC citizens and who having settled in Cyprus have become KKTC citizens. They are a part of everyday life.
- Finally there are the thousands of Turks who continually go to Cyprus as tourists and constitute the chief customers of tourism and trade.

The Turkish section of the Cyprus population numbers 150,000. The forbearance of such a small population toward Turkey is great but it cannot be endless. We too must be careful of the other's feelings.

We will touch on this very sensitive subject and on how we "should react" to the alarm signals which can be heard in our Friday article.

12278

CSO: 3554/177

ULMAN ON CONGRESSIONAL REVIVAL OF CYPRUS ISSUE

Istanbul DUNYA in Turkish 6 Mar 84 p 8

[Article by Haluk Ulman in the Column: "Window on The World": "New Developments in The Cyprus Issue"]

[Text] After the KKTC [Turkish Republic of Northern Cyprus] declared its independence the Cyprus issue which appeared to have gone into hibernation is being put on the agenda as debates on the 1985 Foreign Aid legislation begin in the American Congress.

As this was indicated by the contacts we had in the KKTC last week, so does the latest decision of the American House of Representatives Subcommittee on Foreign Relations with Europe and the Middle East also indicate this. As is known, the 1985 foreign aid is now in the hands of that subcommittee which temporarily put off debates on the legislation regarding American aid to Turkey, Greece and Greek Cypriots. It is expected that they will take up the subject again this week.

It does not seem right to me to interpret the delay in debating aid to Turkey, Greece and the Greek Cypriots as a suspension of American aid to Turkey. In view of the fact that aid for 1984 materialized at the beginning of the year, there is no question of its being suspended. But postponing for a while the debate on aid for 1985 is undoubtedly supposed to convey a warning to Turkey. The Congress wishes in this way to show Turkey and Turkish Cypriots it follows closely the Cyprus issue.

Furthermore, this delay puts in the hand of the American government a trump card which can be used against Turkey and Turkish Cypriots. Washington, by causing this delay reassures the government regarding Congress, and it will find a way to ask us to be compliant in order to help pass the aid to be given to Turkey easily and without changes. I am not sure whether it would be wrong to say that from this standpoint this occurrence might be viewed as a concerted rapping of knuckles.

Washington had not gone beyond a verbal reaction before, when the KKTC declared its independence. But it insists that a solution to the Cyprus question must be found through bilateral talks. And as far as one can see from the latest developments, in order to entice the Greeks back to a seat at the negotiating table, a gesture of goodwill is expected from the Turkish side. This gesture would be the relinquishing by the Turks of the Maras zone which the Greeks keep asking back.

American diplomacy leans in that direction in its contacts with Ankara and the Turkish side in Nicosia.

But the Turkish side let it be known that, in accordance with the package of proposals President Rauf Denktas submitted some time ago, Maras could be returned only after intercommunal talks are resumed. Because Maras is one of the most important trump cards for bargaining in the Turks' hand and, justifiably, they do not wish to part with this trump card before they sit at the negotiating table. Furthermore, and quite justifiably too, they have long ago lost their trust in the Greeks. They are afraid that once they get Maras they might decline once again to sit at the negotiating table, causing them thus to lose a trump card for nothing.

However, according to Washington, giving back Maras to the Greeks will not be such a great concession. For the Greeks have relocated the refugees from Maras in the South and rebuilt there most of the tourist installations that were left behind in Maras. This is why they are not shedding as many tears as before about Maras. This is why giving Maras back is no longer a concession on the part of the Turks but a gesture of goodwill. If after that the Greeks refuse to sit at the negotiating table they will be responsible for the continuation of the problem in Cyprus. The Turkish and American governments will then have the possibility to say to Congress: "We did our best, you now have to challenge the Greeks."

And so this is the latest on the Cyprus issue. Briefly, the United States have cut in again but it so happens that they are trying once more to find a solution at the Turks' expense. And in order to achieve this they dangle before Turkey the bogeyman of Congress. Each time the Foreign Aid legislation goes through every congressional subcommittee, every commission, every committee of the House of Representatives and of the Senate, the same games will be played. There will be an attempt to keep Turkey under constant pressure; this can be clearly perceived.

But neither Turkey nor Greek Cypriots will alter their course under the threat of a discontinuation of the aid. Those who wish to reach an agreement come to the negotiating table, obtain what they can there and concede what they are willing to concede. If aid is cut off because we did not do it, let the United States and Westerners reflect a little on the countless advantages for them of a strong Turkey...

12278

CSO: 3554/177

KOIVISTO IN BOOK REVEALS FEAR OF NORWAY'S NATO ROLE

Stockholm DAGENS NYHETER in Swedish 11 Mar 84 p 4

[Review by Carl-Goran Ekerwald of the book "Ramarken" [Boundaries] by Mauno Koivisto, translated into Swedish by Ulla Ruusulehto, Schildts Forlag, date not given]

[Text] Under the so-called VSB treaty between Finland and the Soviet Union--the initials stand for friendship, cooperation and aid--Finland has pledged to use all the standing forces at its disposal to defend itself if the country--or via its territory, the Soviet Union--is the target of an armed attack. In this case, when just the threat of an attack has been established, consultations will be held between the parties to the treaty concerning mutual assistance. Consideration of vital Soviet security interests is one of the foundations of Finland's foreign policy.

And if that happens, Finland's President Mauno Koivisto says in his new book, "Boundaries," Finland's geographic position would leave no other recourse: "We would find ourselves out on the balcony," he writes.

The book contains selections from Koivisto's speeches from the period 1980-83 and the purpose is to imprint on the outside world the fact that Finland is standing by the assistance treaty and the political line that is called the Paasikivi-Kekkonen line, which has been firmly in place for more than 30 years. Under the constitution of Finland, it is the president who has the major responsibility for foreign policy.

Kekkonen also had his speeches on this subject published. If we compare them with Koivisto's, we immediately note greater anxiety about the future on the latter's part. The situation in northern Europe has become "sensitive," according to Koivisto.

It is quite apparent that what President Koivisto has in mind is the fear that the NATO country of Norway--with whom Finland shares a border 50 miles long--is changing its previous policy and adopting a more equivocal attitude toward its own national security.

Koivisto would like the border with Norway to remain a peaceful one. And he argues energetically in favor of the idea of a Nordic nuclear-free zone, sanctioned and acknowledged by the nuclear powers.

It "arouses interest" in Finland, Koivisto writes in mild terms, when people in the United States suggest that Norwegian policy has become more militant. One of the things that can be interpreted this way is the stockpiling of American war materiel outside Trondheim. But, he continues, "Finland wants to believe that Norway has not changed its security policy (no nuclear weapons, no foreign military bases) and that the country will not change it in the long-range perspective either. We Nordic lands must show trust and solidarity in each other on matters such as this."

That is a plea. And a warning.

6578

CSO: 3650/143

'SECRET' POLL SHOWS ND LEAD IN EURO, NATIONAL ELECTIONS

Athens I VRADYNI in Greek 27 Feb 84 p 7

/Article by Titos Athanasiadis/

/Text/ From a study and analysis of the percentage figures of the two polls shown below it becomes evident that PASOK's strength has been diminished by one-third.

Consequences of Bad Economic Policy

Two basic conclusions appear from the results of the poll:

1. Damage to PASOK in both elections is the same. The drop in its strength by one-third is the same, both as regards the votes in the Euro-elections and those in the national elections.
2. PASOK suffered greater damage in the cities than in the rural areas, something that is certainly due to the fact that the city residents are being hurt by unemployment and inflation and more generally by the erroneous government policy in the economy.

Its Mission Has Ended

What has to be emphasized is that the results of the poll relate to the hypothetical holding of Euro-elections and national elections simultaneously.

Consequently, in case Euro-elections were held first, their results would create a psychology of defeat among PASOK followers and generally among its voters. This would in turn bring about the political-social phenomenon of an abandonment of the party in power by the electoral body which would turn to the party that would have the best chances of winning. This is none other than ND.

All of this means that if national elections were held after the Euro-elections, PASOK's defeat in June would greatly influence the voters who would then hasten to abandon the movement that "has missed the train" and that gives the impression that its mission has ended.

Consequently, the results of national elections would be even more unfavorable for PASOK than those resulting from a simultaneous holding of the two elections. In this eventuality, PASOK's percentage of the vote would be much lower than 30 percent.

According to I VRADYNI's information, PASOK's leadership and some members of its executive office that know the results of this secret poll are in a state of panic because they know the dramatic repercussions a big defeat for PASOK in the Euro-elections would have.

This is why the prime minister has begun to stress in his speeches that the Euro-elections are different from the national ones and that their results cannot have any significance for subsequent political developments.

The same information relates that the results of the poll have caused alarm in PASOK and that its officers have been holding continuous meetings (one of which was held at the Astera last week) to find ways to save the movement and government.

1980 POLL

EURO-ELECTIONS			NATIONAL ELECTIONS	
Parties	Cities	Rural Areas	Cities	Rural Areas
ND	44 %	47 %	41 %	44 %
PASOK	25 %	27 %	29 %	32 %
KKE	16 %	14 %	14 %	12 %
Other Parties	10 %	6 %	9 %	6 %

OCTOBER 1981

	EURO-ELECTIONS	NATIONAL ELECTIONS
ND	31.34 %	35.87 %
PASOK	40.12 %	48.07 %
KKE	12.84 %	10.93 %
KKE (Int.)	5.29 %	1.34 %
KODISO *	4.25 %	0.70 %
PROGRESSIVE PARTY	1.95 %	1.68 %
CHRISTIAN DEMOCRATS	1.14 %	0.15 %
EDIK *	1.12 %	0.40 %
LIBERAL PARTY	1.04 %	0.36 %
KEME *	0.87 %	

KODISO: Democratic Socialism Party

EDIK: Democratic Center Union

KEME: Movement of Greek Reformists

5671

CSO: 3521/204

LUBBERS' PRESTIGE AT HOME, ABROAD SEEN RISING

Rotterdam HET VRIJE VOLK in Dutch 10 Feb 84 p 4

/Article by Rijk Timmer: "After an Awkward Start in 1983: Lubbers' Star Is Quickly Ascending Abroad"/

/Text/ Ruud Lubbers has gained enormous respect abroad in a short period, as prime minister of the Netherlands. Not because of his passion for budget cutting, or his congenial appearance, but because of his expertise. "His colleagues in the other countries trust him and give him room to maneuver," says someone in politics The Hague, where Lubbers' growing prestige abroad is not passing unnoticed.

The prime minister is being invited, just like that, to the White House in Washington. He refuses to report on his talks, by the way, just like he earlier refused to tell what he wrote in a letter to German Chancellor Kohl, and what he discussed during a quick visit to Belgian Prime Minister Martens. It is clear, however, that in all these cases the nuclear arms issue was the center of attention.

Lubbers--how could it be any different--is flirting abroad with the left and the right. He is a champion of Thatcher, but also of Mitterand. How does the man do that?

Lubbers' brilliant career on the foreign stage begins rather awkwardly in May 1983. Together with Minister of Foreign Affairs Van den Broek, he is travelling to South America. In Norfolk, in the American state of Virginia, the government plane lands in the early morning of 23 May, 2 hours early, for a stopover. The reception committee, which was to be headed by the local Dutch consul, is not there yet.

The airport manager promotes himself to master of ceremonies. The seal of the state makes him suspect that there is "somebody important" aboard. "Who is it?" the man asks.

"Him over there," says a civil servant, and points at Lubbers. "The prime minister of the Netherlands." The airport manager walks over to Lubbers, says:

"Well then, so you are the prime minister of Holland?," and vigorously pounds him on the shoulder. Lubbers walks around at the airport, somewhat forlorn, until the consul, who has been phoned out of bed, arrives.

Five months after his entry into the Catshuis /the official prime minister's residence/, the world, and certainly the New World, has not heard all that much about Lubbers yet. That quickly changes. Two issues demand all attention: the new nuclear missiles, and the crisis in the European Community. The inimitable appearance of the "juvenile lead," the youngest prime minister that the Netherlands has ever had, will in both issues put him in the focus of international attention.

The man who, in May 1983, was subjected to a reception in America about which a clown would have had second thoughts, receives, less than 1 year later, in January 1984, a personal invitation from President Reagan for talks in Washington. He will meet there, besides the president, with the vice president, the national security adviser, and a few of the most important cabinet members. Subjects of discussion: the world economy and the cruise missiles.

Reputation

But first, back to June 1983, 1 month after the incident in Norfolk, a month in which Lubbers causes quite a stir, and succeeds in establishing his reputation in the Europe of the Ten.

In the middle of June, it becomes known that the prime minister has written a letter to the West German Chancellor, Helmut Kohl. At a convention of his party, the CDU /Christian Democratic Union/, Kohl flourishes the letter, which was intended as "personal," and says he considers it support for his nuclear arms policy.

In The Hague, a little storm springs up. Lubbers is leader of a cabinet which will not do or omit anything which may harm the negotiations in Geneva, but turns out to be sending declarations of support to Kohl. Lubbers explains it all on AVRO's /General Broadcasting Association/ Radio Journal of 19 June 1983:

"I have indeed written a letter to Mr Kohl. I actually think it is unpleasant that that fact has become known, but it is true, indeed. That letter did not so much concern the German position in relation to the Dutch one. That position is known. That letter particularly concerned the issued on which I could still remark, which Mr Kohl could use to his benefit during his anticipated meeting with Mr Andropov in Moscow. All that, in order to support the negotiations in Geneva as much as possible," Lubbers said.

The letter, which does play a role at the CDU convention, does not meet the eyes of the members of the Dutch House of Representatives in The Hague. Lubbers expresses to Kohl his "distress" about the fact that his letter has been given publicity. After that, Kohl "apologizes," says Lubbers on 19 June in Stuttgart, where the leaders of the countries of the European Community meet at a summit conference.

Worked Hard

At this 2-day European summit, Lubbers causes a great stir. After the end of the sessions, one of which lasts far into the night, he says cheerfully: "If I judge from my own physical condition I have the impression that I have worked damn hard, these 2½ days. I have done a week's worth of work."

The European summit becomes a big flop for Europe, but a small personal success for British Prime Minister Thatcher. She had come to the south German city to demand back part of Britain's contribution to the EEC, and succeeds in doing so. Thatcher herself, so it appears from remarks of her officials, thinks she partly owes that to Lubbers.

Thatcher demands 3 billion guilders in Stuttgart. "Too much," thinks Lubbers, who is of the opinion that a solution should indeed be found, "but then resulting in much lower sums." Thatcher receives 1.8 billion in the end, and commences a political flirt with Lubbers. That, to him, is carrying things too far, and he openly speaks to journalists of "drivel" from the British.

But with his position in Stuttgart, and also with his analysis of the problems in Europe ("what the chairman has put on the table is a reasonable synthesis of the different positions, and what now remains is the political will"), he has stolen Thatcher's heart. One of the European officials from London later tells that Thatcher is "absolutely in love" with Lubbers. "Politically speaking, that is." Lubbers not only has supported her in the "solution" of the problem of the contribution, he also would be prepared to farreaching concessions in the agricultural area, the preeminent jungle of the European Community.

On 19 September 1983 follows a visit by Thatcher to the Netherlands. She gets along with Lubbers excellently, she announces.

Conditions

That does not keep Lubbers from lashing out at Thatcher at the European summit in Athens (which also failed). Lubbers puts the blame on the British. "I have the impression that they took into account that Athens was not the right moment to find a way out, if not on their conditions." Those conditions, by the way, once more contain a demand for repayment, now of almost 4 billion guilders.

"I completely disagree with Mrs. Thatcher's line of reasoning," said Lubbers. "That is bad for the Community. The FRG is now also beginning to use this kind of arithmetic. To us, the undertow of a United Kingdom which is essentially intent on maximizing its financial situation, which continuously leads Germany into the same temptation, is exceptionally difficult."

Lubbers puts his readiness for concessions in the agricultural area in less strong terms on that occasion. His position does attract the attention of French President Mitterand, who is about to take over the chairmanship of the European Community from Greece, and who faces the task of allaying the financial crisis in Europe.

To his inner circle in Paris, Mitterand announces that he will search for the solution in strengthening the personal ties with all European leaders. The cooperation of three of them is essential, according to Mitterand, and he mentions them by name: Thatcher, Kohl, and Lubbers. The reputation of the 44-year old, "hard to interpret, sphinx-like pragmatic Lubbers" (according to DE TIJD, in 1982) has been established.

Variations

Not only with Thatcher and Mitterand does Lubbers gain admiration. Many on the European stage are impressed by his activeness, his expertise and his ability to suddenly come up with ideas, solutions, intermediate solutions, and variations on intermediate solutions.

In the Netherlands, these characteristics already have been noticed. When Lubbers becomes chairman of his party's delegation in the House of Representatives, after the downfall of Aantjes, he suddenly begins to frequent a number of committee meetings, where chairmen normally never appear. His wife, Ria, tells DE TELEGRAAF: "The tougher the job, the more he likes it. We sometimes say to one another: if Ruud would go and work for the sanitation department, he would still be making the rounds at night to check whether all the trash bags have been picked up."

Someone who is closely involved with the formation of the second Van Agt cabinet, when Lubbers is gathering the information about possible coalitions, says: "For every idea, he has 10 variations. He churns those out effortlessly. And if the negotiators then appear to be interested in 1 of those 10, he has 10 versions of that one again. He makes them up while you wait."

After the conclusion of a European Summit conference, where very complicated matters have been discussed, Lubbers personally informs the press. His extremely specialized and knowledgeable assistants are not or hardly involved, and neither is Minister of Foreign Affairs Van den Broek. Those concerned make it known that things are no different in the meeting room.

This course of affairs has meanwhile created bad feelings at the Ministry of Foreign Affairs. The relationship between Lubbers and Minister Van den Broek is excellent, but, also because of that, the civil servants look on suspiciously. Dutch foreign policy, so they think, should be made at their own department, under the leadership of their own minister. The frequent, and generally assessed as excellent, appearance abroad of the prime minister does not fit in this picture.

Washington

Lubbers himself does not remain deprived of signals from the ministry, either, and that is why he makes his trip to Washington together with the Director for Atlantic Affairs of the Ministry of Foreign Affairs, while it is clear, however, that the political top of the United States is not so much interested in foreign affairs as it is in Lubbers to have a frank talk with about the cruise missiles.

In circles at the American Embassy in The Hague it can be heard why all the eggs have been put in Lubbers' basket. "If Lubbers does not succeed in putting those missiles in the Netherlands, then nobody will."

The invitation to Lubbers from the Americans was to serve a two-fold purpose. On the one hand, they wanted to show Lubbers how much they appreciate him, and take him seriously, on the other hand, they wanted to somewhat enhance his image in the Netherlands. That is why the red carpet was being rolled out for him.

After the talks in Washington, Lubbers does not deliver a report in the Netherlands. Pressure from the House of Representatives does not alter anything in that. The prime minister sticks to his guns, a characteristic which the American weekly TIME praises extensively.

TIME reports that Lubbers has made his country the leading nation in the field of belt-tightening, and he rivals Thatcher in that respect. The magazine makes much of Lubbers' steadfastness at the time of the civil servants' strike in the Netherlands. He did not budge an inch, not even when the striking garbage collectors did their best to block the trash-filled street where Lubbers lives.

12568

CSO: 3614/46

PCP CENTRAL COMMITTEE POLITICAL COMMISSION STATEMENTS

Economic, Social, Political Situation

Lisbon AVANTE in Portuguese 1 Mar 84 p 3

[Text] 1. The Political Commission of the Portuguese Communist Party Central Committee met on 27 February to examine the latest developments in the economic, social and political situation.

2. The commission concluded that the situation has become so serious that it calls for immediate initiatives and measures for a change.

3. The forms of worker exploitation (150,000 workers owed back wages, dismissals, layoffs, over 500,000 unemployed, a freeze on collective bargaining at a time of general and sharp price increases and the announcement of new increases soon to come in the price of bread, transportation, rent, etc) are not only absolutely illegal but intolerable.

4. The policy of monopolist recovery does not simply affect the workers. The vast majority of the population is sacrificed to the illegitimate and selfish interests of the big capitalists. Small and medium farmers, small and medium merchants and manufacturers, intellectuals, women, youth, the most disadvantaged classes, are also harshly affected by the policy of the PC/PSD [Socialist Party/ Social Democratic Party] government.

5. The PS/PSD government (with the support of the CDS [Social Democratic Center Party] and all the reactionary forces) is initiating a new phase in the offensive against the nationalizations, with new measures that are blatantly unconstitutional (the opening of the banking sector to private capital, the mass sale of state shares, the plan to turn over shares in or the management of nationalized enterprises to private capital, etc), seeking to deliver the death blow to the nationalizations and to reconstitute and restore the monopolies.

On this date, the Central Committee Political Commission is publishing a document discussing this material in detail.

6. The intensification of the offensive against agrarian reform and the new forms which that offensive is taking (auctions and attachments of land and property, the government's refusal to pay the UCP's/Cooperatives over 17 million

contos which is owed to them) reveal the intent to hasten the process of restoring the large estates.

7. Sensing that its life will be short, the PS/PSD government has clearly revealed its plan for the swift and brutal liquidation of the democratic conquests and the delivery of the national economy, all the resources and potential of the nation and the fruits of the labors of the Portuguese people to a small group of multimillionaires, as it was in the fascist era.

8. In its counterrevolutionary action, the PS/PSD government respects no constitutional or legal limits. There is virtually no difference between the position of the CDS, which is demanding the immediate revision of the economic clauses of the constitution, and that of Maro Soares, who declares that no new revision is needed to eliminate the nationalizations and agrarian reform. The PS/PSD government is an undisguised instrument for the reconstitution and restoration of the great capitalist monopolies (Mellos, the Bulhosas, the Quinas family, etc) and the restoration of the large estates. Allied with imperialism, these have constituted the economic, financial and social force which for decades, through a fascist dictatorship, exploited, dominated and oppressed the Portuguese people.

9. The PS/PSD government does not currently have any goal of recovery from the crisis. On the contrary, it deliberately aggravates the crisis to further the restoration of the monopolies.

As explained in the 10th PCP Congress, there is a real crusade of plunder and forced concentration of capital and resources in the hands of the big capitalists. The government policy in the service of monopolist, latifundist and imperialist restoration has become an economic and social war against the working people, against the Portuguese economy.

10. The consequences for the people and for the country are so devastating that, if this policy is not swiftly put to a stop, it will end in the veritable national disaster which the PCP has been warning the Portuguese people about for some time.

11. As a direct result of the policy of capitalist recuperation, the economic crisis is becoming more and more intense. Unemployment, hunger and poverty have invaded the homes of hundreds of thousands of families. Industry is in a recession and headed toward a deep depression from which it will take many years to recover. Basic sectors of economic activity (steel, metallurgy, fishing, the merchant marine, etc) are sacrificed in the interest of the restoration of monopolism and imperialism. Imports have been liberalized. Interest rates are rising. The receiverships are presented as economic policy measures. While domestic production is declining, the foreign debt is growing, tying up the Portuguese economy in amortizations and interest rates so high that, to keep pace, the government will continue to sell gold and deplete the reserves, plunging Portugal into bankruptcy.

12. In exchange for and as the price of foreign support for its policy of monopolist restoration, the PS/PSD government is making economic, political and military concessions to imperialism which seriously endanger our national independence, sovereignty and security. It submits the foreign policy to the Reagan administration, it compromises the country with the installation of the new U.S. and NATO military bases on national territory and, internationally (specifically in southern Africa, Central America and the Middle East), it makes Portugal a tool of the intrigues and provocations of U.S. imperialism.

The terms of the negotiations with the IMF and of Portugal's planned membership in the Common Market are testimony to a real policy of national capitulation.

13. The campaign of the PS/PSD government against political democracy has taken on new aspects, with the intensification of the offensive on the economic and social plane.

Repressive administrative methods are used with greater frequency. The rights of labor are disrespected. There are plans to create political intelligence police. The offensive is being developed against democratic local government. The news media are controlled and manipulated in a fascist manner. New legislation is being drafted against the rights and liberties of the citizens. As an illustration, the prime minister, who was offended by the workers' protest demonstrations, went so far as to publish a law calling for a 2-year prison term for anyone who "insults" authority, particularly in public....

14. It is urgent to put an end to this policy. It is urgent to prevent the destruction of the democratic conquests. It is urgent to avert the disaster. It is urgent to save democracy and to save Portugal. It is urgent to take steps to prepare for an alternative as soon as possible.

15. The PCP Central Committee Political Commission insists that Portuguese democracy has sufficient power to overthrow the government and its current policy and to secure a government with an alternative policy--a democratic and patriotic policy.

The workers' struggle is becoming more intense. There is a new outbreak of the peasant struggle. The social front in opposition to the policy of national disaster is becoming broader. The base of support for the PS/PSD government is shrinking. Internal conflicts are multiplying in the coalition government. Within the government parties themselves (specifically within the PS), there are many who are in open opposition to the current policies.

The democratic and patriotic sectors in opposition to the current policy and in favor of a change are broad enough and influential enough to secure an alternative, but any hesitation could jeopardize this possibility.

The present hour calls for decisiveness, determination and initiatives and measures capable of creating the conditions swiftly for an institutional solution to the political crisis which the fall of the PS/PSD government will bring on.

16. The Central Committee Political Commission appeals to all democrats and patriots, of whatever party, within their sphere of action and insofar as possible,

to engage immediately in the great social and political battle now in progress.

The government and the reactionary forces are seeking quick gains against the Portugal of April. Reaction will only take advantage of any uncertainty, indecision and hesitation in the social forces and political sectors whose responsibility it will be to insure an alternative.

Consensus and united action by these forces and sectors is vital, not only to bring about the fall of the government but to make political change possible, to recover from the crisis and to solve the great national problems.

17. The Political Commission of the PCP Central Committee appeals to workers, women, the youth, intellectuals, small and medium farmers, merchants and manufacturers, the retired, the disabled, all Portuguese men and women who have been harshly affected by the policy of the PS/PSD government, to intensify their resistance and their struggle in defense of their vital interests.

At this crucial moment, ~~once~~ again, the masses are called upon to play a decisive role in the defense of the Portugal of April.

18. The struggles in progress illustrate the determination of the workers, farmers and other broad sectors of the population. The mass struggle must be developed on all fronts.

It is the task of all party members to take an active part in planning and carrying out the great initiatives and campaigns, specifically--in the very near future--the National Day of Defense of the State Business Sector, scheduled for 1 March.

19. It is extremely important that the 25 April observances on the 10th anniversary of the revolution be marked by broad mass initiatives, worthily representing the popular element in the revolutionary process and the democratization of national life, and that the observances constitute an incentive for the unity and action of the democratic and patriotic forces.

It is also important to begin planning immediately for May Day and the great day of the workers, in which the major currents of the mass struggle must come together.

20. To make the broadest masses of the population aware of the gravity of the current situation, the Portuguese Communist Party will sponsor, on 23, 24 and 25 March, a Great Enlightenment Campaign.

21. Considering the gravity of the situation, the Political Commission has determined to call a general meeting of the Central Committee on 18 March.

27 February 1984

Political Commission of the Portuguese Communist Party Central Committee

PS/PSD and Nationalized Industry

List on AVANTE in Portuguese 1 Mar 84 p 3

[Text] 1. With the aim of restoring the monopolist groups and following the opening of the banking, insurance, cement and fertilizer sectors to big capital, the PS/PSD government is now launching a new and brutal offensive against the nationalized enterprises.

The policy of capitalist, latifundist and imperialist restoration initiated in 1976 and the resulting offensive against the nationalizations (as well as the offensive against agrarian reform and the rights of the workers), characterized by the systematic sabotage of the public companies, is the major cause of the economic and financial crisis which the country is experiencing.

When it was seen that, because of the objective circumstances and the resistance of the people, this process of capitalist recovery was much slower than the reactionary forces wished, the governments--particularly the PS/PSD government--moved to a real crusade of plunder and forced centralization, with extremely serious consequences for the economic and financial situation of the nationalized companies and for the nation's economy as a whole, as was described during the 10th PCP Congress.

2. The grave situation created in the nationalized companies by this policy set the stage for a colossal propaganda campaign to attempt to create a public spirit favorable to the unconstitutional dismantling of the public sector and, in a second phase, to the elimination of the constitutional principle of the irreversibility of the nationalizations.

Notorious conspirators in this maneuver, in addition to Mario Soares and Mota Pinto, include ministers Veiga Simao, Ernani Lopes and Alvaro Barreto, the leaders of the CDS, the CIP [Portuguese Industry Confederation] and the CCP [Portuguese Confederation of Commerce], some of them with subversive and terrorist statements (Mota Pinto: "We are in the government to do some things that the AD [Democratic Alliance] should have done and did not do," "to denationalize a substantial part of the Portuguese economy") and others who are more cautious with their words but no less enslaved to big capital (Mario Soares: "We cannot dismantle the public sector overnight, because this would have negative repercussions for the nation's economy, namely for the private sector").

3. It is also significant that with the entry of the CDS into the government, Veiga Simao, Caetano's old minister (responsible for the gorillas in the universities), voiced the opinion that there is "no political or ideological basis for the principle of the irreversibility of the nationalizations," and that Mario Soares, while calling for "patience" from the CDS, feeling that it was not yet the right time to revise the economic clauses of the constitution, promised (denationalization) in practice, declaring that "there is still much that can be done within the present constitutional framework."

4. The governments supporting capitalist restoration, working closely with the IMF, the World Bank and international financial capital, have for years been sabotaging and weakening the nationalized sector, by various means:

- a. The appointment of men trusted by the capitalists to the management councils, administering them in a manner suited to the interests of the old monopolist capital.
 - b. Forced recourse to foreign credit (with onerous conditions) for the nationalized companies, as a way to finance the deficit in the balance of current transactions.
 - c. Disastrous devaluation of the escudo, making the nationalized companies deeply indebted in escudos (the foreign debt of public enterprises other than banks stood at 1 billion contos at the end of 1983, and about 50 percent of that debt was solely the result of the successive devaluation of the escudo), and adding to the respective debt service (because of the devaluations, the interest rate on foreign loans to public companies in 1983 exceeded 53 percent; just the 18 public industries and power companies paid 139 million contos in interest, almost 2.5 times the size of their payrolls).
 - d. Non-payment of the debt owed by the government to the nationalized companies (about 200 million contos).
 - e. Manipulation of the price policy, discriminating against the nationalized companies to the exclusive benefit of big capital.
 - f. Lack of planning (a pact with anarchy) and irresponsible lack of coordination, not only in investments and supply but in the failure to take advantage of complementary situations (supply of coal to the SINES thermoelectric station; the CNP [National Petrochemical Company] purchase of naphtha abroad instead of from PETROGAL).
 - g. The freeze, cutback and ban on productive investments in the national interest (Alquera, copper industry, modernization and expansion of the merchant fleet, etc) and wasteful investments in other areas.
 - h. Transfer of profitable sectors, or the right to their exploitation, to private companies.
 - i. Sale of state shares in and property of the nationalized companies at very low prices.
 - j. The concession--imposed or covered by the government--of scandalous loans (Mello-Deutsch-Morgan, Portuguese Investment Association) and financial benefits to big capital, and irresponsible concession of credit (in September 1983, bad debts amounted to 253 million contos).
5. Despite this policy of destruction, the public sector has been the most dynamic sector of the nation's economy; it has turned over 57 million contos in profits to the state in the last 3 years and 52 million is predicted for 1984, and it has been a net contributor to the state budget, belying the slanderous declarations that the public sector survives at the expense of the budget and the tax payers.

6. An important part of the current campaign to poison public opinion is the release of partial or inaccurate figures by the Ministry of Industry, which has gone so far as to describe the status of the state companies only in terms of their liabilities--liabilities which the RTP [Portuguese Radio-Television System], a basic tool in this campaign, immediately misrepresented--irresponsibly and fraudulently--as financial losses!

The truth is that, if the liabilities of the 18 public industries and power companies amount to 1.03 billion (1,034 million) contos, they also have net assets in amortizations in the amount of 1.26 billion (1,268 million) contos!

Regarding the losses of the 50 public enterprises (excluding banking institutions), which the Finance Ministry estimates at 60 million contos, it should be noted that the state owes this same group of companies 200 million contos; this means that if the state had paid its debt punctually, that group of companies would have shown a profit instead of a loss.

7. In addition to being profitable, the nationalized companies continue to be the decisive source of wealth for the sectors of activity to which they belong and a necessary source of revenue for the economic development of the nation.

For this reason, the defenders of the big national and international capitalists and the executors of their policy of monopolist recovery impede and decapitalize the public sector of the economy, seeking to create the conditions to "justify" dismantling it and turning it over to big capital for a trivial sum.

This is the explanation for Veiga Simao's trip to the United States in January and for the agreements reached with business circles in that country; for the detailed "study" of the nationalized companies which the World Bank is conducting; for the unconstitutional statement by Ernani Lopes at the IDN [National Defense Institute], defending the primacy of private enterprise and declaring that "foreign investments should play a significant role in the modernization of the Portuguese economy"; and for the meeting between Mario Soares and U.S. banker Rockefeller and the conference Soares recently held in Switzerland, which led the secretary general of the CIP [Spanish Confederation of Business Associations] to praise him for the way in which he had "sold the world multinationals on the advantages of Portugal." These are obvious signs of the great commitment, the subservience and the existing ties of the PS/PSD government to international financial capital; their continuation will seriously threaten Portugal's economic and political independence, returning Portugal to the situation prior to 25 April.

8. This is also the point of the insistence on the political operation--now recognized as such by the government--to gain Portugal's admission to the EEC, presented as the panacea for Portugal's economic ills.

In pursuit of this membership, the government has abandoned the National Steel Plan (Ferro de Moncorvo, Pírites do Alentejo) and the beet sugar project; it has suspended the Alqueria project and threatens the future of (public and private) companies producing for the domestic market, while it defends the basic lines of its industrial policy: the installation of polluting industries (cellulose), tourism and the manufacture of electronic components for export to other countries, thus making the national economy completely dependent on the multinationals.

9. The policy of the PS/PSD government is contrary to the interests of our people and to the existence of a public sector independent of international capital. It is leading Portugal into one of the largest economic crises in its history, the destruction of natural resources, a lowered living standard for the workers, a decline in real wages, galloping inflation, rising unemployment and the failure of thousands of small and medium businesses and industries. It is intensifying the foreign debt and subordinating the nation's interests to international high finance.

The policy of the PS/PSD is an antinational and antipatriotic policy which will lead to an ever greater strengthening of the ties of submission to American imperialism.

Therefore, it is the duty of all democrats and patriots to save Portugal from disaster and to secure the necessary conditions for the creation of an alternative policy that will make possible a Democratic Government of National Salvation.

27 February 1984

Political Commission of the Portuguese Communist Party Central Committee

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CS0: 3542/31

SOCIALISTS IMPROVE POSITION IN POLL AFTER FIVE-MONTH DROP

Stockholm DAGENS NYHETER in Swedish 11 Mar 84 p 4

[Article by Dick Ljungberg]

[Text] After losing voter support in five surveys in a row, the Social Democrats gained 3 percent in the first DN/IMU [DAGENS NYHETER/Institute for Market Surveys] voter opinion survey this year. The Conservatives lost 2 percent, but in general voter opinions remain stable.

The poll was conducted in the period from 30 January to 29 February. At that time exactly half of the Riksdag mandate period had gone by. Interviews were held with 924 people. All changes since the last survey in December lie within the margin of error.

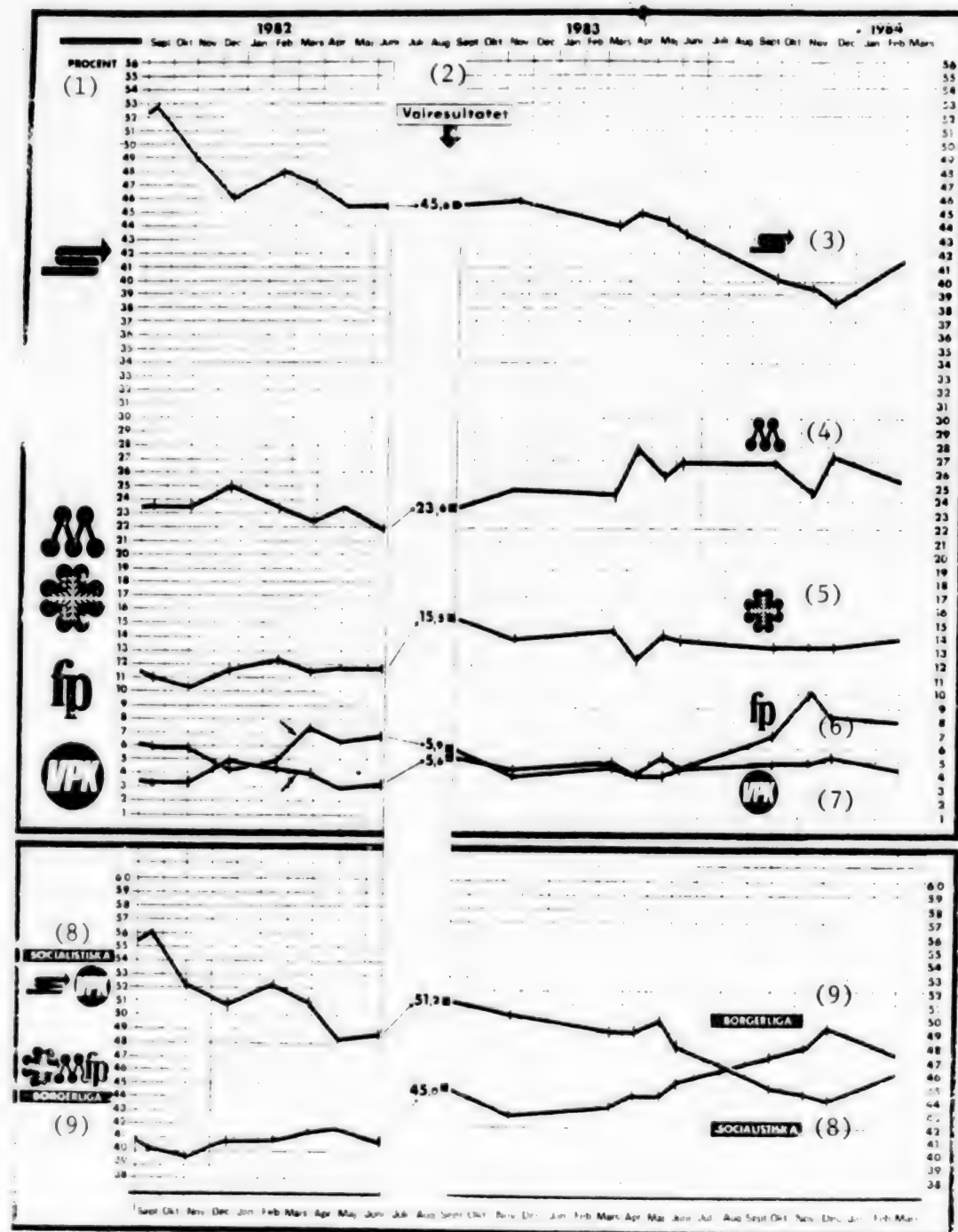
During the survey period, Olof Palme and Thorbjorn Falldin held a debate in front of the TV cameras in Orebro. Palme made a much-discussed trip to Nicaragua, among other places. Toward the end of the period, the submarine search off Karlskrona was begun while at the same time the parties sought to reach agreement on an increase in the defense budget.

The result: Conservatives, 25.5 percent (-2.0), Liberals, 8.0 percent (-0.5), Center, 14.0 (+0.5), Social Democrats, 41.5 (+3.0) and VPK [Left-Communist Party], 4.5 (-1.0).

This means that the gap between the two blocs has shrunk. In December, the nonsocialists had a total of 49.5 percent compared to 44.0 percent for the socialist parties. Now the figures for the two blocs are 47.5 and 46.0 respectively.

The most important result in the survey was the Social Democrats' gain of 3 percent. After losing ground in five surveys in a row--to the bottom figure of 38.5 percent in December--this could mean a trend reversal. In the 1982 election the Social Democrats got 45.6 percent of the votes, but 41.5 percent at the "halfway mark" can be regarded as quite good for a governing party.

The Conservatives declined 2.5 percent last November, went up 3 percent in December and have now declined 2 percent. All in all this shows the party



Key:

1. Percentage
2. Election results
3. Social Democrats
4. Conservatives
5. Center Party
6. Liberals
7. Left-Communist Party
8. Socialists (Social Democrats, Left-Communist Party)
9. Nonsocialists (Center, Conservatives, Liberals)

lying in a quite stable position around the 26-percent mark and well above the election result of 23.6 percent.

The Center Party shows a phenomenal stability. For the sixth survey in a row the party ended up in the 13-14 percent interval. In the election the Center Party got 15.5 percent of the vote.

But the joyous surge of the Liberal Party after Bengt Westerberg took over as party leader seems to have come to an end.

VPK declined by a percentage point and is once more uncomfortably close to the 4-percent mark. But VPK has long swung between 4 and 5 percent and usually takes this calmly.

Voter Opinion Results

<u>Survey Results</u>	<u>26.</u> <u>24 Oct-</u> <u>13 Nov</u> <u>1983</u>	<u>27.</u> <u>14 Nov-</u> <u>7 Dec</u> <u>1983</u>	<u>28.</u> <u>30 Jan-</u> <u>29 Feb</u> <u>1984</u>
Number of eligible voters with party sympathies interviewed (=basis for percentages)	909	874	892
Percentages listing as "best party":			
Conservative Party	24.5	27.5	25.5
Liberal Party	10.0	8.5	8.0
Center Party	13.5	13.5	14.0
Christian Democrats	3.5	2.0	2.0
Social Democrats	39.5	38.5	41.5
Left-Communist Party	5.0	5.5	4.5
Environment Party	2.5	3.0	3.0
Other parties	1.5	1.5	1.5
	100.0	100.0	100.0
Percentage of eligible voters who could not or would not name a "best party"	2.5	3.5	3.5

Since 1979 IMU has conducted 28 party sympathy surveys. All changes, including the Social Democrats' advance of 3 percent between this survey and the last one are within the margin of error. The Social Democratic gain is the first following five declines in a row, which could mean that the downward trend has now been broken.

The survey was made among a nationally-representative selection of Swedish citizens aged 18 to 74. Interviews conducted in home visits. The following question was asked: "What party do you think is best?" An election situation was simulated in expressing party preference by the use of "ballots" and "ballot envelopes." (Source and copyright: DN and IMU.)

CONFIDENCE IN PALME GOVERNMENT SHOWS RISE IN LATEST POLL

Stockholm DAGENS NYHETER in Swedish 18 Mar 84 p 6

[Article by Ake Ekdahl]

[Text] Voter confidence in the Social Democratic government is rising again. This is happening after a deep decline in confidence following last fall's political "affairs" and the fraud debate. Confidence in the policies of the Palme government rose at the same rate among both nonsocialist and socialist voters.

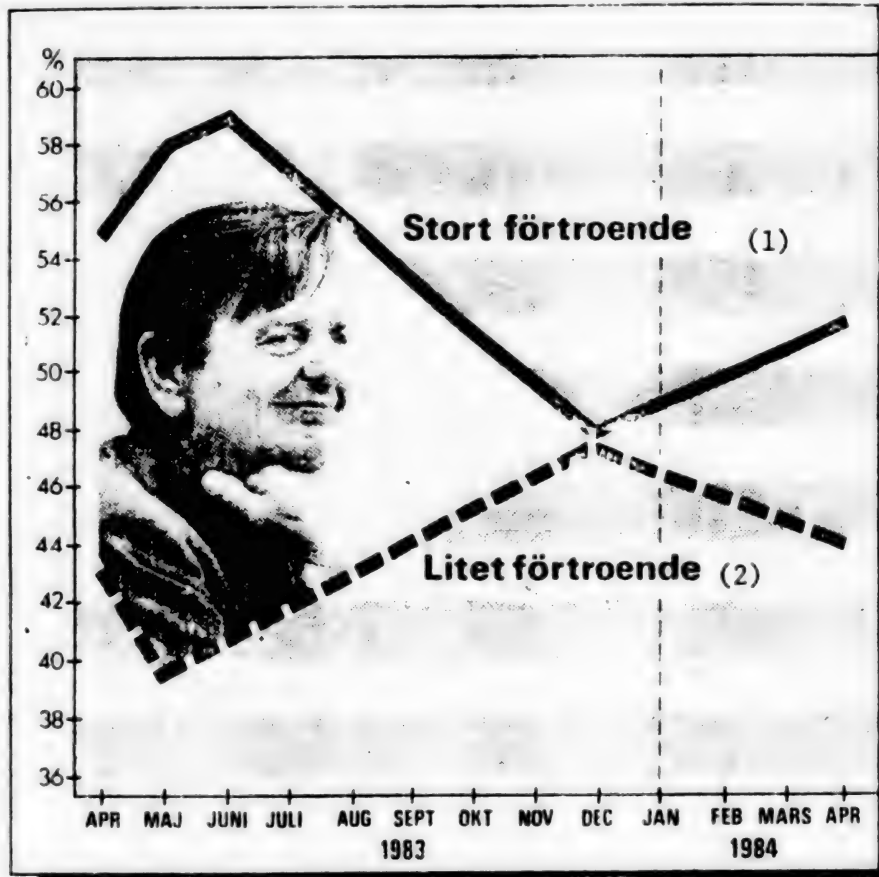
This is shown by the DAGENS NYHETER/IMU [Institute for Market Surveys] February opinion poll. This is the fifth confidence poll in a single year. A year ago, polls showed that 50-60 percent of the electorate had confidence in government policies. There is still a way to go before the confidence the public felt in the government then is reached again.

Today 51.8 percent of the voters have confidence in the government's work, while 44.2 percent distrust government policies. Just before Christmas, there was an absolute balance between voters who felt confidence and those who did not, with 47.5 percent on each side.

The confidence poll was taken at the same time as the latest voter sympathy poll. The voter barometer, published earlier in DAGENS NYHETER, showed that 41.5 percent of the voters backed the Social Democrats. This indicates that a large group of nonsocialist voters felt confidence in the Palme government.

Clear signs of an economic upturn in this country are the most obvious explanation for the mounting voter confidence in the government. Big questions remain as to how things will go with inflation and employment.

And the security policy issues in the shadow of the submarine hunt will have an impact on expressions of voter confidence in the future.



Confidence in the policies of the Palme government rose again. At the same time the number of voters who greatly distrust the government's policies declined. More than 51 percent of all voters said they had confidence in the way Palme is handling his job. The many recent indications of a brighter future are the most obvious explanation for this confidence in the Palme government.

This is how the survey is taken: voters respond by naming a figure on a scale from -3 to +3 depending on the amount of distrust or confidence they feel in the present government.

Key:

1. A great deal of confidence

2. Very little confidence

Voter Figures

Some 892 scientifically selected and representative voters were asked this question: "Have you a great deal of confidence or very little confidence in the government we have now?"

Voters answered by giving a figure from minus 3 to plus 3, depending on the degree of distrust or confidence they felt.

This is how confidence has shifted since the top notations in the spring:

Confidence: June, 59 percent; December, 47.3 percent; February, 51.8 percent.

Lack of confidence: June, 39.5 percent; December, 47.5 percent; February, 44.2 percent.

The group with the highest degree of confidence in the government has not increased. The increase has occurred in groups with more modest degrees of confidence.

But the group that greatly distrusts the government declined substantially since December, from 17.1 to 12.5 percent.

The results of the February poll were:

Plus 3	9.3%
Plus 2	22.4
Plus 1	20.1
Total	51.8%
Minus 1	15.1%
Minus 2	16.6
Minus 3	12.5
Total	44.2%

Today 20 percent of nonsocialist voters have confidence in the Palme government. Earlier polls gave Palme 22, 24, 26 and 17 percent respectively.

Among Social Democratic voters, 86 percent have confidence in the government. Earlier polls gave Palme 87, 92, 92 and 84 percent. Similar support levels also occur when the communists are figured in.

Liberals Closest to Social Democrats

If one studies the confidence figures in detail, they show that among the roughly 12 percent of all voters who distrust the government deeply, the

Conservatives and Center Party voters are the most pronounced doubters, while the Liberals are less apt to condemn government policies.

Around 10 percent of the Social Democratic voters distrust the government to some extent, while 20 percent of Left-Communist Party voters do so.

Correspondingly, 15 percent of the Conservative voters say they have some form of confidence in the government, as do 20 percent of Center Party voters and a sizable 30 percent of Liberal voters.

On a so-called right-left scale in politics, Liberal voters are thus closest to the Social Democrats.

Most Social Democrats who have confidence in the government expressed themselves with some reservation (plus 2) and only 21.5 percent had full confidence in the government.

The number of voters who did not know what they thought or did not want to answer the question was 4 percent in this poll, a decline of 1.2 percent since the December survey.

6578

CS0: 3650/151

SOVIET AMBASSADOR PANKIN: NO USSR SUB INTRUSIONS

Stockholm DAGENS NYHETER in Swedish 16 Mar 84 p 6

[Text] "Soviet submarines, the Soviet military and Soviet naval forces have never violated Swedish territory intentionally."

This assurance was given by the Soviet ambassador to Sweden, Boris Pankin, in what he described as an official capacity, in a TV new interview Thursday evening.

"As you know we had one instance in November 1981, when a Soviet submarine made a navigational error and entered the Swedish archipelago near Karlskrona," he conceded.

According to Pankin, strict orders were given to prevent a repetition of this kind of thing.

"And nothing of that nature has occurred since," he said.

The Soviet Union has no political, economic or military interest in violating Swedish territory, the ambassador declared.

"We have no business here." When asked what he thought of the current sub hunt in Karlskrona archipelago, Pankin replied that he could not avoid following what was happening and that he had the same comment as before:

"Soviet submarines have no reason to visit Karlskrona archipelago."

Asked how the Norwegian Treholt affair affects Swedish-Soviet relations, Pankin's face clouded and he said he did not understand what the reporter meant.

When Pankin and his wife, Valentina, talked about the Swedish TV programs they usually watch, Pankin said he was very shocked by a Swedish children's program where children were asked where they thought the biggest threat to Sweden lay.

Some 70 percent of the children thought the biggest threat came from the Soviet Union.

"It is educationally very poor to ask children things like that--especially when the security conference is going on in Stockholm," Boris Pankin said.

PALME CONFIDANT PIERRE SCHORI COMMENTS ON SUBS ON USSR TV

Stockholm DAGENS NYHETER in Swedish 16 Mar 84 p 6

[Article by Sven Svensson]

[Text] The Swedish government wants good, stable and friendly relations with the Soviet Union on the basis of mutual respect and advantage. That message was presented by Foreign Ministry undersecretary Pierre Schori Thursday evening on Soviet TV.

The appearance occurred in connection with the fact that Thursday marked the 60th anniversary of the establishment of diplomatic relations between Sweden and the Soviet Union.

At the same time Foreign Minister Lennart Bodstrom sent a telegram of congratulations to his Soviet colleague, Andrey Gromyko, while Foreign Trade Minister Mats Hellstrom did the same to Foreign Trade Minister Patolityev.

Minister's Telegram

Sweden and the Soviet Union set up trade contacts as early as 1918, but diplomatic relations did not begin until 15 March 1924.

In his telegram to Foreign Minister Gromyko, Lennart Bodstrom expressed hopes that cooperation between Sweden and the Soviet Union would develop and become stronger in a spirit of friendship and to mutual advantage.

In his telegram Mats Hellstrom recalled that the first trade agreement between Sweden and the Soviet Union was reached 60 years ago. Hellstrom then expressed strong hopes that trade and economic cooperation between Sweden and the Soviet Union will develop to mutual advantage.

Undersecretary Pierre Schori made a statement on Soviet TV:

"Sweden and the Soviet Union have a fine tradition to fall back on when it comes to bilateral cooperation. Foreign trade between Sweden and the Soviet Union started as early as 1918 and Sweden was the Soviet Union's major trade partner that year," Schori said in his statement.

Wants Increased Trade

"We doubt we will reach that position again, but we would very much like to have a substantial increase in trade. The possibilities for this are far from having been exhausted," Schori added.

"These early trade contacts undoubtedly helped to hasten the diplomatic process and on 15 March 1924 Sweden recognized the new Soviet state while at the same time signing a comprehensive trade agreement," Schori recalled.

The present contacts have not fully utilized the potential that exists for further developing this cooperation, he added.

Schori then concluded by saying:

"The Swedish government wants good, stable and friendly relations with the Soviet Union on the basis of mutual respect and advantage."

Submarine Hunt

Schori's conclusion on behalf of the entire government with reference to mutual respect should be assessed against the background of the submarine hunt in Swedish waters and the statements Soviet Foreign Minister Andrey Gromyko made during his visit to Stockholm in mid-January.

Gromyko promised in talks with the king, Prime Minister Olof Palme, Foreign Minister Lennart Bodstrom and Defense Minister Anders Thunborg to respect Sweden's neutrality and territorial integrity.

On Friday the Swedish-Soviet Society celebrates its 60th anniversary. Ambassador Bernt Carlsson, former secretary general of the Socialist International, will hold a speech and represent the foreign affairs leadership at the celebration.

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CSO: 3650/151

BRIEFS

USSR SEEN AS GREATEST THREAT--The Soviet Union is the biggest threat to Sweden in the event of war, according to the Swedish children whom TV's "Children's Journal" asked. No fewer than 2,500 children aged 12-15 in 100 communities all over the country participated in a survey. When asked, "Which country do you think could be Sweden's enemy in a war?" 79 percent replied the Soviet Union, 7 percent the United States and 2.1 percent said West Germany. When asked: "Are you afraid there will be a world war?" 86.2 percent answered yes and 13.6 percent said no. But there was a sex difference here--94 percent of the girls are afraid of a world war compared to 76 percent of the boys. [Text] [Stockholm DAGENS NYHETER in Swedish 11 Mar 84 p 6] 6578

ULLSTEN DEFENDS ELIASSON VISIT--In a radio interview Saturday, former Liberal leader Ola Ullsten criticized the behavior of the Conservative Party in respect to the current submarine affair. "I do not know how else the government could have handled the matter. I do not know what else they could have said," Ullsten said. "I did not understand the reason for canceling Jan Eliasson's trip to Moscow." According to Ullsten, it is a Conservative trend to try to make use of various foreign policy events in the partisan debate. That is a very dubious procedure, according to Ullsten. [Text] [Stockholm DAGENS NYHETER in Swedish 11 Mar 84 p 4] 6578

PRAVDA PRAISE OF SWEDEN--"The enemies of good neighborly relations between the Soviet Union and Sweden use every trick, even the most absurd and far-fetched, such as 'the intentional intrusion by Soviet submarines into Swedish territorial waters' to provoke hostility toward the Soviet Union in Sweden and to cast a shadow over the country's peaceful policy." The Soviet party organ, PRAVDA, wrote this in a big article on relations between Sweden and the Soviet Union on the occasion of the 60th anniversary since diplomatic relations were established between the countries. This is the first time in several weeks that the Soviet media have even mentioned the alleged Soviet submarines in Swedish waters. But no comment was made about the search now taking place off Karlskrona. In general the tone of the PRAVDA article is positive. It praises Swedish neutrality policy which "meets with respect and recognition in our country," according to PRAVDA. [By Per Luthander] [Text] [Stockholm DAGENS NYHETER in Swedish 16 Mar 84 p 6] 6578

BARLAS ADVICE TO GOVERNMENT ON EVE OF ELECTION

Istanbul MILLIYET in Turkish 7 Mar 84 p 1

[Article by Mehmet Barlas in The Column: "Today" Election Climate Again..."]

[Text] What a pity that Turkey is plunged again into a climate of elections when hardly 3 months have gone by since a critical general election. In fact it feels as if, beyond elections we are on the eve of the kind of voting which could affect the fate of Parliament... If from the distribution of votes in the 25 March local elections an arithmetic different from today's Parliamentary structure of power and opposition arises this could throw us into a climate of early elections.

Unfortunately it is because of such political tensions that Turkey's long term problems have accumulated. Turkey is a nation which needs its governments as well as its oppositions to deal with such problems in the course of a period of constructive preparations...

For instance, the chief problem of the economy is neither the government's: "I can sell them if I want to" nor the opposition's stubborn: "I will not let you," issue of the bridges.

In our opinion the repercussions of money and credit policies on the banking sector are one example of those very urgent problems.

When viewed from that angle, if one of the anti-inflationary methods is to lower high prices and the demand, an alternative way appears to be, at the same time as increased production and productivity, to lower costs primarily. On the other hand a new element is added to the Turkish banking system, whose structural peculiarities raise costs anyway, by high interest rates. Bank deposits slide more and more in the direction of time limits while business deposits constitute an added cause of expenditure... Thus when money, which is expensive for banks, is transferred to the customer by being turned into investments, the element of financing expenses in enterprises gives rise to a crushing cost factor.

In the previous era we watched this issue evolve into the brokers' tragedy and the disappearance of some banks...

In order not to make the same mistakes, Ozal's government ought to solve those problems before they grow bigger...

If necessary, the Ministry of Finance must be made to take the decision of eliminating a certain number of the superfluous bank branches. It is obvious that no bank will resort to this measure on its own.

Similarly, if a bank has a problem and that problem keeps getting worse, decisions which will stabilize its position should be made before an impasse is reached.

The responsibility which falls on premiers as well as on finance ministers is not to establish hasty friendly exchanges and contacts with the sector of finance... If there is something wrong with a structure, the government's duty is to correct it... Governments should not look on any sector as being in competition with them.

But what a pity that none of this is discussed now... In a climate of elections from which we are unable to escape, everyone engages in idle talk.

12278

CSO: 3554/181

UPCOMING ELECTION SPARKS PP-SODEP FEUD

Istanbul CUMHURIYET in Turkish 7 Mar 84 pp 1,11

[Article by Yalcin Dogan in The Column: "The Situation Among Social Democrats", "The Voter Will Determine The 'Only' Party of The Left."; passages enclosed in slantlines printed in boldface]

[Text] Ankara - /"After the elections, the merging of the Populist Party with the SODEP [Social Democratic Party] will be inescapable. The purposes of and the practical considerations for such a merger will be become clear on their own after the elections."/

The Populist Party reacted very strongly to this appeal from the SODEP:/"It is no longer possible to merge with the SODEP, which for months looked down on us and did not accept us as belonging to the Left, and now talks of merging. When it says 'Let us merge' it is hunting for votes."/

Before the elections, the Left has become unrecognizable because of the dust and smoke created by criticisms. Those criticisms, instead of being levelled at parties of the Right, have given the Left the appearance of turning on itself. What is it that has thus turned the Populist Party and the SODEP into "brothers at odds," and where do the mutual criticisms spring from?..

We think that the /"appeals to merge"/ which the HP [Populist Party] sent to the SODEP even before the 6 November elections and the SODEP's /"disregard"/ for them are at the root of the matter. HP members explain their reaction as follows:

/"The SODEP sidestepped the merger. When we called for a merger before the 6 November elections, they said of us 'They are not Social Democrats.' But when we got 30% of the votes in the elections, they began to take us seriously. And now, because we address ourselves to the same class, they set aside criticisms of the ANAP [Motherland Party] and focus on our activities. They took the HP lightly and now, just to get votes, they make untimely displays of sympathy."/

With discussed the merger issue with SODEP leader /Erdal Inonu/ and were given the following viewpoint:

/"When I threw myself into politics my aim was to unite the Social Democrats. If one looks at the surveys which have been published, at present the Social

Democrats have 40% of the total votes. This could pave the way to power for Social Democracy. Then why be divided into 2 parties and block for ourselves the road to power?... Furthermore the people show a great desire and they push for a merger. That is why I say let us merge."/

The Populist Party heaps grave accusations on the SODEP on the one hand, saying: /"They supported the ANAP on 6 November"/ and make judgements on the other hand to the effect that:/"The SODEP is suffering from a superiority complex."/

It is precisely at this point that one should take an inside look at the Populist Party. Let us first glance at a talk its leader /Necdet Calp/ gave last week in the Parliamentary Group, which did not find many echoes in the press. Calp spoke as follows:

"I said that if the Populist Party loses votes in the elections I will resign from my chairmanship. This is the underlying reason: if at this point a decrease emerges in the totality of the votes the parties represented in Parliament will get, I believe this will lead to a political conflict. There will be political turmoil in the nation. And I as a leader am willing to bear the consequences, if such a time comes. This is why I believe that at this point the parliamentary parties should not lose any votes. This is why at this stage the SODEP's calls for a merger make no sense to me."/

There are those who agree with chairman Calp's words and those who criticize him heavily...There even those who interpret Calp's words as meaning that: /"A leadership issue has emerged within the party. How can anyone who chooses to resign at a time when he should claim full responsibility continue to be the leader?"/

Accordingly, the process initiated by the SODEP's appeals for a merger started the /"leadership"/ controversy between some members of the Populist Party and among the newly founded parties, after the MDP [Nationalist Democratic Party] the /"leadership controversy"/ began in the Populist Party as well. Specific circles within the HP, and particularly deputies also criticize the /"Deputy Chairman."/ They make /Yasar Aysev/'s election to the Deputy Chairmanship the target of serious criticisms and say:/"Chairman Calp is responsible for the fait accompli election to this position of Aysev, who is very unpopular."/

Under those circumstances, the following picture emerges from within the Left itself:

If after the elections the HP loses an important number of the votes, the /"chairmanship issue"/ could be put on the agenda. It is not possible to predict at this point how the HP will come out of this by renewing itself. If the HP can protect the votes it obtained on 6 November, there is no doubt that the SODEP will be shaken. In other words, the elections will show /"Who is the strongest, who will survive,"/in the Social Democratic wing.

12278

CSO: 3554/181

REVIEW OF TURKISH, CYPRIOT FOREIGN POLICY EVENTS

Istanbul CUMHURİYET in Turkish 6 Mar 84 pp 1,11

[Passages enclosed in slantlines printed in boldface]

[Text] Ankara [CUMHURİYET BUREAU] - In the course of this week a series of significant events, which are important from the standpoint of Turkey's relations with the outside world will take place. While the question of Cyprus and the subject of aid, which could lead to tensions in Turkish-American relations remain in a state of /"sensitive"/ balance on the Congress agenda, the visit of the Minister of Foreign Affairs of the Federal Republic of Germany, Hans Dietrich Genscher will bring into focus the relations of Turkey with Europe. At the same time everyone's attention which is centered on the battle that is raging in the Gulf will be turned to the visit the Minister of Foreign Affairs /Vahit Halefoglu/ will make to Iran.

We can summarize as follows the week's events which are important from the standpoint of Turkey's foreign policy:

1)/Genscher's visit/: The first official visit since the 6 November general elections at the level of the Ministry of Foreign Affairs from Europe to Turkey begins today. Genscher who it was learned changed his plans to accompany Premier /Helmut Kohl/ to the U.S.A. because of his trip to Ankara, will meet the Minister of Foreign Affairs Vahit Halefoglu and Premier /Turgut Ozal/ during his short 24-hour visit. Further more he will also be received by the President of the Republic /Kenan Evren/.

In the course of the talks a series of problems which are waiting to be solved, both at a bilateral level between Turkey and the Federal Republic of Germany, and at multiple levels between Turkey and Europe will be put on the agenda. The subject of the possibility of Turkish workers moving freely in Europe in accordance with the subsidiary protocol signed by Turkey and the EEC which should come into force in 1986 is foremost among the problems at the bilateral level. Genscher will attempt to persuade the Turkish side to give up the right of freedom of movement and he will also try to convince it to accept the measures which are currently taken in Germany concerning the question of the repatriation of Turkish workers in Germany.

What Does Ankara Say?

According to Ankara it would be wrong to view the solution of those bilateral

problems as being independent from Turkey's relations with Europe. According to a high level official of the Ministry of Foreign Affairs:/"Freedom of movement is a right which arises from a multilateral agreement. This means that the question must be debated with the EEC. And one of the reasons behind Germany's move to revive Turkey's relations with the EEC, which are in a state of suspension, also stems from that connection."/

In fact, German sources stressed that, within a general framework, Turkey's relations with the EEC would be the main item on the agenda of the talks. Aside from that, Genscher's visit is brought to the fore by the fact that it will open the file which contains questions related to giving Turkey support in Europe, allowing workers freedom of movement and their repatriation.

Halefoglu goes to Teheran

2) /Halefoglu's visit to Teheran/: After welcoming Hans Dietrich Genscher, the Minister of Foreign Affairs Vahit Halefoglu will go to Teheran in the middle of the week for an official visit. Halefoglu's visit to Teheran will be the first official contact at a political level between the Ozal government and the Islamic Republic of Iran.

Foreign Affairs officials stress the /"bilateral"/ aspect of the visit, insofar as it is a first contact. Iranian sources also point to the fact that bilateral relations will be given special emphasis. It can be inferred from this position of Iran that while it will not shy away from a discussion of the situation related to the Gulf war, it wishes to keep the door closed on Turkey's mediation.

What Does The Turkish Side Think?

It has been made known that the Turkish side will adopt an extremely cautious attitude about whether mediation will or will not be put on the agenda. A Foreign Affairs high official said that:/"For us to shoulder the role of mediators it is essential that both sides should agree to it, /thus drawing attention in a roundabout way to the difficulty of the endeavor. The same official explained the statement President Kenan Evren made in Riyadh in connection with the question of mediation had not been fully reflected by the Press and that he would be /"willing to shoulder"/ such an undertaking in order to /"promote favorable conditions."/

The Situation in Cyprus and The State of Expectation

Together with questions such as Turkey's relations with Europe, the Gulf war, Turkish-Iranian relations, which will be put on the agenda during those visits, attention will also be focused on Washington and Nicosia with regard to the questions of Turkish-American relations and the problem of Cyprus. The House of Representatives' Subcommittee On Foreign Relations, following the recommendation of the State Department, has put off debates about aid to Turkey on the pretext of the Cyprus problem. While Ankara, in view of this development, opted not to exert any pressure for the time being, it evaluated this decision as being more a matter between the government and Congress. From this standpoint, an atmosphere of expectation will prevail in Ankara this week about the attitude of Congress regarding aid to Turkey.

At the same time that American diplomacy puts off debates on aid to Turkey, it also puts pressure on the KKTC [Turkish Republic of Northern Cyprus] President /Rauf Denktas/ to give an /"attractive"/ aspect to his Maras proposal and on Ankara to use its influence on Denktas. Within this framework, Washington is trying to persuade Denktas to meet with the BM [UN] Secretary General /Perez de Cuellar/. Meanwhile, Denktas will also have to decide in the course of this week whether or not to go to New York in order to meet the UN Secretary General who wants him to back out of his Maras proposal.

12278

CSO: 3554/179

SOYSAL STATUS REPORT ON CYPRUS SITUATION

Istanbul MILLIYET in Turkish 29 Feb 84 p 2

[Commentary by Mumtaz Soysal in the column "Viewpoint": "Three and One-half Months Later"]

[Text] As February draws to a close, a weighing of the pros and cons of a decision made 3 1/2 months ago could be helpful in greeting the coming spring in a more rational frame of mind. The Turkish Republic of Northern Cyprus, declared on 15 November 1983, will be a primary concern affecting Turkey's foreign policy throughout 1984.

When the Turkish Cypriot administration decided on independence, what was anticipated, what was gained and what more should be anticipated?

We should establish one thing right off: Looking at it from a legal point of view, the right of the Turkish Cypriot community to determine its own political status has existed since 1963 when it was expelled from the government and, in any event, it has been exercised in various ways since then. The declaration of independence was a step aimed at changing the name of "the Federated State" as it had been constituted earlier and cannot be considered as particularly new from the viewpoint of a basic right. But there were some things intended to be derived from taking this step. What were they and, from this perspective, what is the current status?

Above all, it is a question of individuality.

The process of the emergence of the island's Turkish community as a state, with its own characteristics and reflecting its will has not yet been completed. To advise going slowly on such matters as a flag, national anthem and central bank out of the concern, "Hey, let's not irritate foreign public opinion and especially the United States Congress too much", runs counter to the basic goal intended in the declaration of independence. If this basic intent is to push for demonstrating to the community its individuality and thereby taking the opportunity to confront the Greek Cypriot administration, then these matters must be completed as soon as possible.

At this point, inevitably, a second item comes to mind which was thought to have been addressed with the declaration of independence: boosting the morale of the community. To invigorate a new revival in a society that had internally decayed in that atmosphere of uncertainty was not an idea that could be rejected.

But from this point of view, it appears that two major mistakes have been made, on the island and in Turkey.

To regard the declaration of independence as a means for fundamentally changing the Constitution without new elections is, by provoking arguments in the community, to break up the harmony that has developed and to create anxiety.

And, since Turkey, when it was itself unfairly attacked in connection with this just decision, instead of demonstrating the firm and disdainful reaction of one who has encountered injustice, anxiously tried to wrest concessions [from the Turkish Cypriots], one cannot say that this could boost either its own morale or that of the island community, to the level necessary.

However, elements for raising morale are not lacking.

Above all, despite all the hullabaloo that broke on the world scene and despite the uncompromising attitudes of the Greek Cypriot administration, the community in the south began to see that it would not be able to get a thing with its scheming, with duping world opinion and with sitting back and hoping for a collapse of the opposition--just the opposite, it was losing everything.

It would be a major mistake, while the opposition is in this moral quandry, to urge more concessions out of fear of Western criticism and of threats from the American Congress, threats that would run counter to American interests.

On the contrary, now is the time to come out with firmer positions, to say, "We have gone as far as we can. From now on, you initiate the discussions or you will lose everything in the end."

There is grave responsibility in compelling new concessions, saying "A few more, a few more" instead of preparing Turkey and the Turkish Republic of Cyprus for such a posture. Because, this position prolongs the opposition's belief that it will get something by stalling, it causes it to grasp at empty hopes and thus makes the problem totally unsolvable.

And what is more dangerous than that: As long as the Greek Cypriot administration, which has spoken of "a long struggle", undertakes to arm itself more than it can bear, the seeds of a new fight on the island are sown and the danger of bloodshed is again raised.

To continue to make concessions does not serve peace and understanding as some people believe; it sustains this dangerous period and adds to its grave responsibility.

12280

CSO: 3554/172

FRENCH AIR FORCE OPERATIONS CHIEF STEPS DOWN

Zurich NEUE ZUERCHER ZEITUNG in German 4 Mar 84 p 6

[Article by Christoph Muhlemann: "Dissatisfaction With Mitterand's Defense Policy: Resignation from Top of France's Air Force: Third Early Retirement in a Year"]

[Text] Paris, 2 March--The assistant chief of staff for operations of the French Air Force, 49-year-old Brigadier General Etienne Copel, has taken early retirement and has been replaced in his post by Brigadier General Jean Thiery, as designated by Defense Minister Hernu. Next to Army Chief of Staff Delaunay and the commander of the Lyons fifth military region, Gen Boone-Arbord Borssat de Laperousse, Copel is the third officer at the rank of general, although the first from the Air Force, to take early leave from active service in a critical stance towards official defense policy.

The Reduction of Troops

General Copel, who received his first two stars in September 1981 as one of the youngest officers in the Air Force, and who still had a promising career ahead of him, was responsible for the operational deployment of the Air Force, therefore in Chad as well. He gave no reason publicly for his request for early retirement. Referring to general widespread discontent among the Air Force command about the fact that the government allegedly does not accord to this branch of service sufficient consideration, LE MONDE indicated, albeit discreetly, that he allegedly made his move due to considerations concerning the deployment, equipment and present organization of the French Air Force. Most of all, however, the general is thinking of publishing a book on French nuclear deterrence, which would deal critically with the entire defense layout since the removal of the strike force 20 years ago.

In accordance with the medium-term defense plan for 1984-1988, all three branches of France's armed forces are being reduced numerically. Because of his sharp protest against this, the Army chief of staff at the time, General Delaunay, was advised to step down early a year ago. He resigned because of the reductions in conventional forces, which were unacceptable in his view, and because of insufficient willingness by the government to provide funding. The early retirement of five star General Boone 5 months later, in August of last year, could similarly be traced to factual difference of opinion, in

spite of all protestations to the contrary; however, this lacked any great significance, since no central figure in the modern army hierarchy was involved, and among the officers there prevailed a sort of distant amazement about the fact that this general had only shortly before been awarded his fifth star by Hernu, only to then leave in a huff. In comparison, Copel's departure seems more problematic. He calls to mind the warnings made by the still-active Air Force Chief of Staff, Capillon, which were indiscreetly leaked to the press in the fall of 1982. Regarding the planned reduction of the 100,000 man air force by 5,500 men before 1985, which is now underway, Capillon declared that "the position and the future of the Air Force...are at stake."

Since then, the decision has been made to close two flyer training bases in Chambéry and Ulnat. Although the "Stork" squadron in Dijon is to be the first to get the new Mirage 2000 on 2 July, there is the threat of a considerable delay in the delivery of new equipment to the Air Force, although an official dispute over this with regard to a possible "catch-up" in the second half of the planning period rages again and again. However, the parliamentary budget committee chairman had pointed out the "gap" between the measures provided for in the budget as early as last year, and had explained what would be necessary "to eliminate our lag and to do justice to the demands of the 'air force state of the art.'" He announced his "deep reservations" about the somewhat insufficient financial credits for the Air Force, which is being forced to keep a low profile, which in turn threatens to diminish its credibility.

Savings Exercises

The government has repeatedly proclaimed its steadfast intention to maintain a force of 450 fighter planes. Keeping this promise under the present conditions set by the actual rate of modernization of the air fleet could indeed involve great difficulties. For that reason a general tendency can be recognized, as is the case in the other branches of the armed forces as well, to reduce costs of operation and, if possible, reduce the operation itself, in order to keep the necessary credits for the purchase of materials. A result of this, for example, was a further drop in flying hours, which amounted to 470,000 hours 10 years ago, and of which only 403,000 hours are being planned for 1984. In addition, there are a number of other weaknesses, which are having an increasingly disturbing effect, such as the shortcomings in air transport capacity, especially over large distances. The intervention in Chad and the "Tricolage" with the deployment of civilian aircraft necessary to it revealed this clearly. In contrast, of course, great official emphasis has been placed on a single, albeit operationally insignificant achievement such as the flight of four Jaguar fighter bombers from Solenzara, Corsica to the Beirut area and back with inflight fueling. While the chief of staff, General Capillon, continues to assure that the Air Force is capable of fulfilling its assigned duties, the early retirement of his assistant chief of staff for operational deployment seems hardly likely to dispel the manifold scepticism about the level of actual readiness.

12271

CSO: 3620/205

NATO EXERCISE UNDERLINES INCREASING SIGNIFICANCE OF NORTH

Stockholm DAGENS NYHETER in Swedish 10 Mar 84 p 15

[Article by Harald Hamrin]

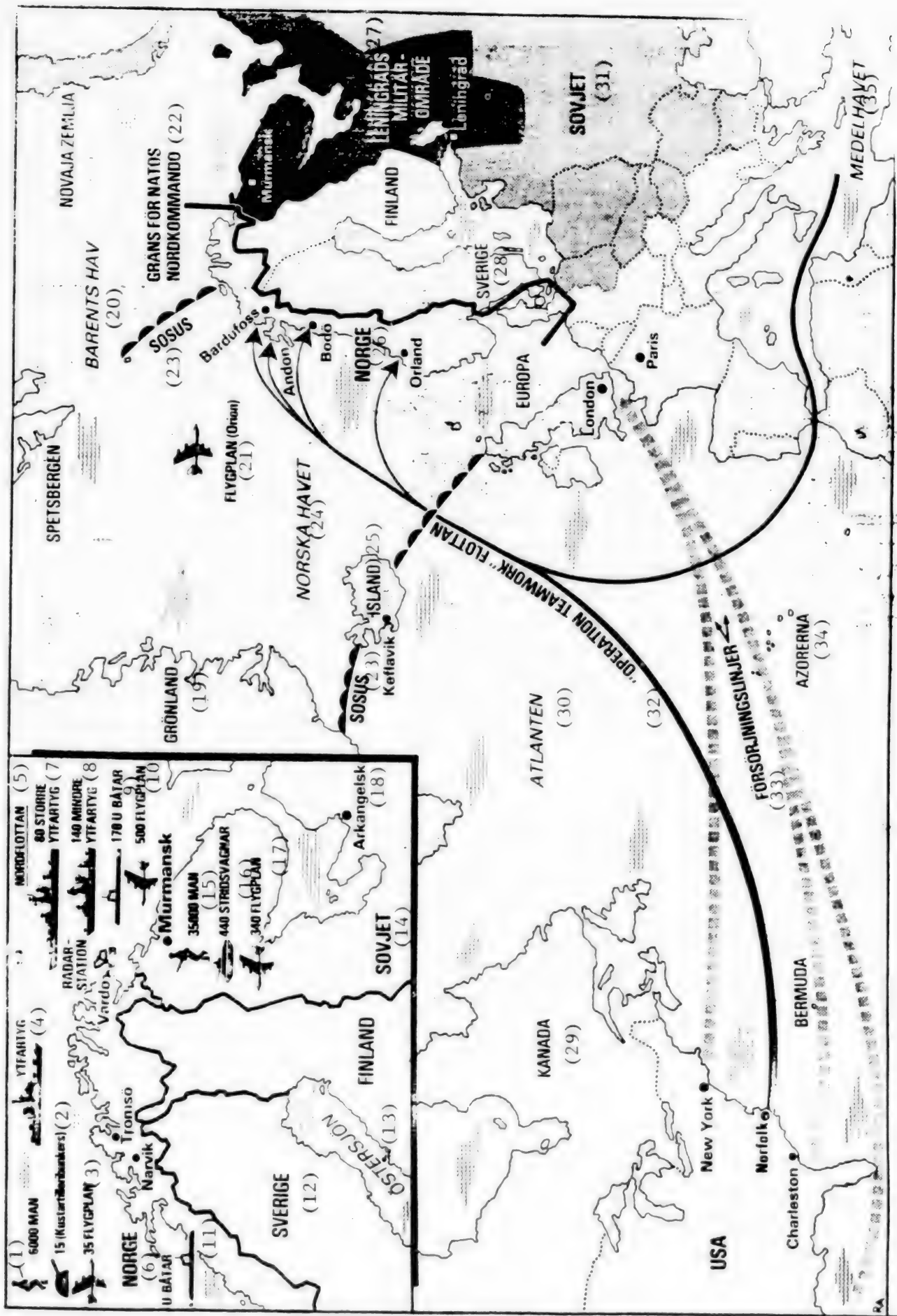
[Text] The Norwegian Sea and the Norwegian Atlantic coast have been increasingly in the spotlight of the international debate on military strategy in recent years.

DAGENS NYHETER's security policy reporter, Harald Hamrin, explains the military situation against the background of NATO's largest maneuvers ever in northern Europe.

At this time a gigantic NATO fleet is heading over the North Atlantic on its way from Norfolk, Virginia, USA to the coast of northern Norway on a latitude with Tromsø. One dark night in the middle of next week, an American marine brigade of 8,500 men--reinforced with smaller forces from eight other NATO lands--will swarm ashore at three different locations along Malangs Fjord.

That will culminate the biggest maneuvers NATO has ever held in the Norwegian Sea and Norway. At most, 40,000 men will take part in the exercises--of whom 25,000 are ground combat forces. A fleet consisting of 150 ships and an air force of 300 airplanes and helicopters will also participate. In addition there will be 900 trucks, jeeps and other vehicles along with tanks, heavy artillery ordnance and amphibious vehicles.

This all goes under the names "Operation Teamwork" and "Avalanche Express"--the former an annual fleet exercise that usually takes place in the fall, the latter a winter maneuver intended to give forces from the different NATO countries some training in the wintertime. For the first time, both maneuvers have been combined into a joint fleet, landing and ground combat exercise.



Key to map [preceding page]:

- | | |
|---------------------------------|---|
| 1. 6,000 men | 19. Greenland |
| 2. 15 coastal artillery bunkers | 20. Barents Sea |
| 3. 35 airplanes | 21. Airplanes (Orion) |
| 4. Surface vessels | 22. Boundary of NATO's northern command |
| 5. North Fleet | 23. Sosis hydrophone facilities |
| 6. Norway | 24. Norwegian Sea |
| 7. 80 large surface ships | 25. Iceland |
| 8. 140 smaller vessels | 26. Norway |
| 9. 170 submarines | 27. Leningrad military district |
| 10. 500 airplanes | 28. Sweden |
| 11. Submarines | 29. Canada |
| 12. Sweden | 30. Atlantic Ocean |
| 13. Baltic Sea | 31. Soviet Union |
| 14. Soviet Union | 32. "Operation Teamwork" fleet |
| 15. 35,000 men | 33. Supply lines |
| 16. 440 tanks | 34. Azores |
| 17. 340 airplanes | 35. Mediterranean Sea |
| 18. Archangel | |

Displaying Determination

The military--and also the political--intention of NATO's biggest exercise in Norway to date is to show the world (including the Soviet Union) that the United States and its allies have both the determination and the resources to come to the rescue of their northernmost ally in the event of an attack on or a military threat against North Norway. There has been talk of a "show of force in the North."

Just from a purely military--or "transport technical"--perspective, the exercise is an extremely complex matter.

An American aircraft carrier force, the so-called Strike Fleet--ultimately under the command of NATO's "Atlantic Commander," Admiral Wesley McDonald in Norfolk on the eastern coast of the United States--will be accompanied on its journey by NATO's standing Atlantic fleet (STANAVFORLANT) and units meeting from the Mediterranean. This involves aircraft carriers, cruisers, destroyers, frigates, nuclear-powered attack subs and amphibious vessels.

The major element in the landing exercise will be the U.S. 4th marine brigade. In addition to a personnel force of 8,500 men, this brigade has at its disposal 52 airplanes and 36 helicopters (corresponding to around half of Norway's total air force strength), 17 heavy tanks of the M-60 type and 34 pieces of artillery ordnance.

After the landing--which will take place in the dark of night--the brigade will immediately engage in "combat" with a "hostile" (Soviet) force, seize and hold a bridgehead and enable other soldiers and materiel to land.

Breathtaking

Seen from a political perspective, the two coordinated exercises, "Operation Teamwork" and "Avalanche Express" are no less breathtaking. They have already led to harsh accusations of "provocation" and "expressing aggressive intentions" in the Soviet press.

It is hardly surprising that this occurred. The geographic area affected by the exercises--the Norwegian Sea and the Norwegian coastline--makes up one of the most strategically important areas in a possible conflict between the United States and the Soviet Union, between NATO and the Warsaw Pact nations. There are two reasons for this.

1. In the last 20-25 years the Soviet Union has built what is probably the biggest naval base in the world in the area around Murmansk on the Kola peninsula. Here one can find, for example, 40-45 (or two-thirds) of the Soviet strategic submarines armed with nuclear missiles that can pose a threat to the American mainland.

2. The vital NATO supply lines and reinforcement routes between the United States and West Europe go across the North Atlantic. In the event of a war (or serious crisis) American forces and supplies will be shipped across on a southern route via the Azores as well as on a northern route.

Must Be Defended

It can be assumed that both USA/NATO and the Soviet Union--if a war occurs--will have offensive as well as defensive objectives in the two areas. The United States and NATO must at all costs defend their connections across the North Atlantic and might also want to attack the base area on the Kola peninsula. The USSR must defend it and also cut off NATO's Atlantic connections.

All these different tasks would be incredibly difficult--or perhaps simply impossible--unless one controls the Norwegian Sea, which is located between the two areas. All experts on military strategy agree on that. In addition, many experts believe that control of the Norwegian Sea would not just facilitate control of Norway's long Atlantic coastline but is a vital prerequisite for such control.

At a seminar in Bonn last fall under the title of "Europe's Northern Flank," one of the participants, an American admiral and former chief of NATO's Atlantic Command, Harry Train, said that a third world war might not be won in the Norwegian Sea, but it could well be lost there.

"If Norway falls, the Norwegian Sea will fall with it," he said. "And if the Norwegian Sea falls, then the war is lost for NATO."

Small Standing Force

The standing forces in North Norway--Finnmark, Sorvaranger and Troms--are relatively small: a total of 6,000 men in all. Most of them (a brigade of around 5,000 men) are located in Troms, in other words 500 km from the Norwegian-Soviet border.

Thus the defense of North Norway in a crisis or war calls for reinforcing the standing forces with more brigades from central Norway. Preparations for such reinforcements exist in peacetime.

Naval forces consist of about 15 coastal artillery stations and a number of submarines and surface vessels that constantly patrol the waters off North Norway.

Around 35 F-16 airplanes are based in North Norway in peacetime. There are five air fields in the area that can receive reinforcements.

Perhaps more important in a larger perspective are a number of technologically-advanced facilities that serve not only strictly Norwegian but also more general NATO defense interests.

On the North Norwegian mainland, there are a number of top-secret radio and radar stations which are used among other things to listen in on and "look at" all Soviet military activities on and outside the Kola peninsula (for instance they can follow every airplane that takes off and lands at Kola peninsula air bases).

In the ocean off the North Cape is a so-called SOSUS facility consisting of hydrophones that listen in on the movements of Soviet submarines. There is a similar facility in the so-called GIUK (Greenland-Iceland-Great Britain) gap. Together these two SOSUS facilities can follow Soviet subs all the way to Novaya Zemlya.

American Orion planes, which are also part of NATO's submarine surveillance, operate out of Iceland as well.

Biggest Naval Base

On the Kola peninsula--with ice-free water year round--the Soviet Union has been building up the world's largest naval base since the beginning of the 1960's. Today Murmansk is the home port for units of the Soviet North Fleet, the largest of the four Soviet fleets (the others are the Baltic Fleet, the Black Sea Fleet and the Pacific Fleet).

Here there are 40-45 (or two-thirds) of the Soviet Union's strategic nuclear-armed submarines (including an example of the most modern and largest Typhoon submarines). There are also another 130 submarines, among them a large number of attack submarines. All in all, there are over 170 submarines.

In addition there are around 80 large surface ships (cruisers, destroyers and frigates) and around 140 small combat vessels, minesweepers and landing craft.

When it comes to ground combat forces, there are two mechanized infantry divisions with a total of 26,000 men and 440 medium-sized tanks on the Kola peninsula. There are also a marine brigade (3,000 men), an artillery brigade, a missile brigade and an air-defense brigade.

In the southern part of the Leningrad military district, to which the Kola peninsula belongs, there are another six infantry and one air-landing divisions with a total of 90,000 men.

Around 340 airplanes are based in the Archangel air-defense district which includes the Kola peninsula. In addition, the 16-17 large air fields on the Kola peninsula are believed to have the capacity to receive major reinforcements in the way of airplanes. Around 500 airplanes of various types also come under the North Fleet.

6578

CSO: 3650/143

THUNBORG CITES SOLID EVIDENCE IN HUNT FOR SUBMARINES

Stockholm DAGENS NYHETER in Swedish 16 Mar 84 p 6

[Article by Sven Svensson]

[Text] A handful of the navy's indications during the submarine hunt in Karlskrona are so strong that it is hard to find any other explanation than foreign underwater activity.

So said Defense Minister Anders Thunborg when he discussed peace issues Thursday evening at a meeting arranged by ABF [Workers' Educational Association] in Stockholm.

Thunborg added that no conclusive position could be taken before the OB's [Supreme Commander's] analysis group has finished its work. Anders Thunborg said to DAGENS NYHETER that it will probably be a long time before the OB's analysis is ready. Before then, it would be inappropriate to take a stand on whether a new submarine commission is needed to evaluate the indications and their political significance.

Similarities Denied

On the same occasion Thunborg denied that he had compared the submarine indications with the Loch Ness monster when he was in the United States. "That is a myth," he said.

The Nordic region is no longer on the strategic periphery, Thunborg said in his speech. The surveillance and maneuver activity of the great powers in the Nordic region has increased in both scope and intensity. In this situation we must show the intent and ability to maintain our country's territorial integrity.

For over a month the navy has been chasing submarines in Karlskrona. Of the very large number of observations, 90-95 were immediately sorted out, Thunborg continued.

No Criticism

"In the psychological climate that has arisen around the submarine hunt, it is natural that every observation of something unusual is thought to be connected with submarines. Pointing this out is not a criticism of those who provided the information or of the navy. It is a psychological fact with which we have had a lot of experience.

"The government has full confidence in the military and supports its activity," said Thunborg. "With regard to the indications, the military must decide whether they are so strong that they deserve further analysis.

"But it is an entirely different matter to talk about political actions on the part of the government. We must be careful about what we say. We must stay calm enough to distinguish between indications and circumstantial evidence, proof and conclusions resulting from thorough analysis.

"Through the efforts we are making now, we are constantly increasing the risk to the foreign intruders," Thunborg said.

"Anyone who deliberately violates Swedish territorial waters assumes the entire risk and the entire responsibility if a submarine and its crew come to grief."

Anders Thunborg also mentioned the defense settlement on Wednesday. "It is a correct and salutary signal to the rest of the world," he said.

"The agreement cannot be called an arms build-up in any reasonable sense of the words. It is more accurate to say that we have prevented the unacceptable arms build-down that would have occurred if the rise of the exchange rate of the dollar had been allowed to have an impact.

"But we should not make the mistake of equating defense policy and security policy. Defense is merely an instrument of security policy."

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UNDERWATER GRENADE, ACOUSTICAL TRANSMITTER FOR SUB HUNTING

Stockholm DAGENS NYHETER in Swedish 16 Feb 84 p 5

[Article by Bo Westmar]

[Text] Elma--this is the navy's new weapon against foreign submarines. The Elma grenade can cut through a submarine with a 3-centimeter armored hull. It was tested last fall with extremely good results, according to the navy.

After modification the Elma, which is actually called "antisubmarine grenade model 83," was tested on the obsolete Swedish Shark submarine near Karlskrona.

"We used about 200 rounds during testing and the results were 100 percent," said Commander Sven Carlsson of the naval staff.

This spring the patrol boats will be the first vessels to be equipped with the new antisub weapon and a special launching ramp for them. According to plans, however, many of the navy's other ships also will receive the Elma, along with navy helicopters, the coast guard, and even the marine police in their larger boats.

The movable launching ramp can release nine grenades simultaneously against a foreign submarine. According to the navy, the new weapon is especially suitable for peacetime use, since it is less dangerous to the submarine's crew than a conventional depth charge.

"The submarine can be rendered harmless, without injuring the crew. The submarine is either forced to the surface or made to lie on the seabed," Sven Carlsson said.

The navy also possesses the following weapons.

Depth charges of three different types: one 43.5-kg charge used in light and heavy helicopters, a 26-kg charge used only in heavy helicopters, and a 105-kg charge used by patrol boats. It was the latter type that was used in Karlskrona last Tuesday.

Depth charges are heavier weapons than the underwater grenades, which require

hit to be effective. A depth charge can seriously damage a submarine if the charge is detonated within 15 meters of the sub. Based on its experience from Harsfjarden and Sundsvall, the navy now puts out a carpet of charges in order to be effective.

Incidental torpedoes: ordinary antisub torpedoes equipped with a smaller charge than would be used in war, so that the submarine is merely damaged. The torpedo can be guided toward the submarine's propeller, which is destroyed by a hit. These torpedoes are of limited usefulness inside the islands, since the torpedo drops to a depth of 25 meters before the torpedo motor starts.

Mines: more fixed mines with accompanying magnetic loops will be put into place along the coast to strengthen our antisub defenses.



The navy's new antisub weapon, the Elma--a small, inexpensive grenade that effectively cuts through the hull of a submarine in case of a direct hit.



The Malin--an acoustical transmitter that attaches itself to a submarine hull by means of a magnet. It then transmits signals that are easy to detect.

9336

CSO: 3650/127

NAVY PROCURING WHOLE NEW ARRAY OF WEAPONRY IN SUB FIGHT

Stockholm 7 DAGAR in Swedish 17 Feb 84 pp 24-25

[Article by Claes Lofgren]

[Text] Submarines come and go. New reports from the commander in chief are followed by eye-catching newspaper headlines: "Minisub Caught in Net?" There is an obvious desire to catch and bring up one of the many submarines violating our waters.

This week the hunt was escalated dramatically. A series of depth charges were dropped near the Karlskrona Naval Base.

According to the navy, there is some hope of success. This feeling is reenforced by the additional funds appropriated for submarine hunting. Within several years Soviet minisubs and other possible intruders will have to deal with the following Swedish antisub units:

The 4 C helicopter: today we have seven of them. The navy soon will receive seven more from the air force. They will be equipped to hunt submarines: torpedo 42 (see below), depth charges, radar, advanced hydrophone equipment, and an automatic pilot that can keep the helicopter and, thus, the hydrophone in the exact same position hour after hour.

The 4 C helicopter, better known as the Vertol, is manufactured on license from Kawasaki in Japan. Sweden purchases the Vertols from Japan. Actually, Vertol is an American model. The 14 helicopters will be stationed at Berga near Stockholm and Kallinge in Blekinge.

The Jet Ranger helicopter: 10 helicopters. They are the same type as those used by the police. They can be equipped with torpedo 42, but have not yet been used to hunt submarines.

Infrared Reconnaissance

Coast guard planes: the navy has leased the Cessna. The plane is equipped with infrared reconnaissance equipment and can sense temperature differences at a depth of several meters. The plane has located suspected submarines on several occasions.

Coast corvettes: two vessels. They are under construction, will be delivered in 1985, and will be called the Stockholm and the Malmo. Previously they were called missile boats, since their task is to operate as surface attack vessels with missiles as their main weapon. Now they are called coast corvettes and are to be used more specifically for submarine hunting. They are 320-ton vessels, 50 meters long, and are equipped with hydrophones, Elma/Malin (see below), torpedoes, and surface attack weapons.

Mine sweepers: four vessels. They are now being constructed at Karlskrona Shipyard. Two of them, the Landsort and the Arholma, will be delivered during 1984. They are 360-ton ships, 47.5 meters long. Their actual task is to discover and eliminate enemy mines. For this reason, the hull is made entirely of plastic--no unintentional magnetism can set off a mine.

In addition, the navy already has 16 patrol boats and the coastal artillery has an equal number of surveillance boats. Due to a lack of more effective units, they have been used in the past to hunt submarines. They are equipped with fishing boat hydrophones and depth charges. The navy's 12 submarines can be used to block inlets to gulfs and bays.

Hydrophones: the passive hydrophone, basically an underwater microphone, has the longest range. But they send out no echo signals and, therefore, they produce no information on the distance or the angle to the sound source. The somewhat more advanced, but still extremely simple fishing boat hydrophone does provide such information.

The most advanced hydrophone today is called the Sintra Alcatel, or hydrophone 204, made in France. The Vertol helicopters are equipped with it. The signals may be heard in headphones, with which the operator listens for a "ping." The echo-causing object also can be shown on an electronic screen.

A high-frequency hydrophone with a screen and a printer will be installed in the mine sweepers. According to the Defense Materiel Command (FMV) the high-frequency signals will be easier to interpret than those from the 204. The signals can be read by an electronic screen or a paper printer can show the structure of the object. The disadvantage is that the high-frequency hydrophone will have a shorter range.

The mine sweepers can use the new hydrophone and the Sea Owl, a remote-controlled underwater camera, to determine what type of submarine is being hunted and, thus, its nationality.

Torpedo 42: during a war the torpedo can sink a submarine, but in times of peace the torpedo is an incidental weapon, i.e. is used to damage a propeller or propeller shaft on the submarine. It is guided automatically by honing in on a sound source, for example a propeller. The torpedo also can be guided manually by an extremely fine wire.

Elma or depth charge 83: exact target information is required in order to use Elma. The charges are dropped in groups above the suspected sub. This model

has been produced in limited numbers. It is considered to be extremely accurate. Tests with old submarines have shown that Elma can penetrate the outer hull, go through the pressure hull, and through the submarine floor to the battery room.

Malin: a small radio transmitter that is dropped above the submarine. Malin sends continuous signals, making it possible to follow the movements of the submarine. The problem with both Elma and Malin is that the location of the submarine must be known. With Malin, the exact location is vital--if it is several decimeters off, the transmitter will not stick to the hull.

Depth charges: depth charges of the usual type with a powerful charge. Their precision is extremely low.

At the same time that preparedness for submarine incidents is being raised, more and more magnetic loops are being put into place along the Swedish coast. Today there is an unknown number of small, manned stations for monitoring possible signals from these loops. In addition, there are six large sea surveillance centers. It is hoped that the magnetic loops can be connected to the surveillance centers in order to reduce the number of personnel required.

But a surveillance system such as the one found along the American coast is simply a dream. It cost 18 billion kronor--about as much as the annual Swedish defense budget.

9336

CSO: 3650/127

EVIDENCE POINTS TO CONTINUED SOVIET SUBMARINE VIOLATIONS

Stockholm SVENSKA DAGBLADET in Swedish 16 Feb 84 p 2

[Editorial: "Defend Neutrality"]

[Text] For the past 2 years Swedish foreign policy has been based on idle hopes: that the violation of Swedish waters would cease. Occasional protests have been made and antisub forces have been strengthened somewhat to achieve this result.

It is possible that these hopes will determine our foreign policy once again. Many excuses remain before the apparently inexorable logic behind these violations becomes so clear that it will lead to the necessary foreign policy conclusions.

But the logic is there. Eventually it will become clear to everyone. At present, the submarine hunt around Karlskrona is having this effect.

The submarine intrusions are intentional. They are systematic and directed toward a future war situation. They represent, to use the words of the submarine defense commission, "a preparatory phase of operative military planning."

If we are to maintain credibility for Sweden's policy of neutrality, there is only one conclusion that can follow the logic of these intrusions.

We must strengthen our military. This is true of preparedness for incidents, i.e. our ability to defend against intrusions, but it is even more true of our invasion defenses, i.e. our ability to turn back the attacks the present violations are intended to prepare.

It does not matter what party-political and budgetary considerations are behind any other course of action. The big powers evaluate Sweden's policy of neutrality on the basis of our actions, not on the basis of how we say our actions should be interpreted.

The credibility of our neutrality is based on our desire and our capabilities. Declarations that are not based on capabilities are totally without credibility.

Unfortunately, the message given by our capabilities is clear: our defense

capabilities are being reduced, even though the violations continue. Not even the effort to improve our antisub defenses makes our desire credible. There are still large gaps that can and should be filled in the near future.

Of course, there are several reasons why the continued violations have not caused the government to act.

One reason is that Olof Palme apparently believed the violations would cease after his personal conversation with Andrey Gromyko, the Soviet foreign minister (thus, in reality, clearly indicating that he, like everyone else, knew all along that it was Warsaw Pact submarines that were violating our waters).

Another reason is that the efforts of the finance minister to save money have had a higher priority than the policy of neutrality that is the ultimate foundation of our defense policy.

A third reason, of course, is the new orientation in defense policy introduced by the Social Democrats in the late seventies. The arguments for the traditional Social Democratic defense policy were toned down. Maj Britt Theorin and her idealistic, but ignorant, friends who share here opinions were given more and more influence.

Taken together, these considerations have put the Social Democratic government in a humiliating situation. This government, more than any other, is characterized by the inability to act when our neutrality is challenged.

In a way, there is some political logic in this. Sooner or later, however, there will certainly be a collision between this and the more inexorable logic of the violations themselves.

When this happens, the Social Democrats must also reexamine their defense policy. But this reexamination may be extremely painful. This is especially true of a party leader who, in practice, has bet all confidence in his political power and capabilities on the possibility that the violations might cease. This is, after all, a precondition for the disarmament effort his government now is seeking to bring about.

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NAVY COMMANDER: INTRUDING MINISUBS POSE TECHNICAL CHALLENGE

Stockholm SVENSKA DAGBLADET in Swedish 8 Feb 84 p 3

[Op Ed article by Lennart Forsman, Commander]

[Text] Lennart Forsman is commander first class in the navy. He has commanded the Karlskrona Naval Base, among other duties. Ake Johnson's article appeared on 31 January.

Technology, and weapons technology in particular, is being developed rapidly by the superpowers. There are many indications that the minisubs possess some new technology unknown to us. Thus, combatting these submarines is like fighting against shadows, according to Lennart Forsman. The author of this article led the submarine hunt near Karlskrona last fall.

In an article on this page, Commander Ake Johnson discussed the reasons why the submarine intrusions continued after Gasefjarden in 1981 and Harsfjarden in 1982. It would be perfectly natural, you might think, for the intrusions to cease after the Soviet Union was caught two times--once directly and the other time (Harsfjarden) indirectly. This was not the case, however. The intrusions have continued in the Sundsvall area, near Tore, off Karlskrona, and elsewhere.

Ake Johnson showed that, assuming that the intruding power has an overall purpose for these operations, it is only natural for the Soviet Union to continue intruding as though nothing had happened. Since the Soviet Union maintained that U 137 went aground in a military area because of a navigational error and since the Soviet Union denied that it was a Soviet sub that appeared in the Harsfjarden area in the fall of 1982, it could be interpreted as an indirect admission if the intrusions ceased following the Swedish protests over the Harsfjarden incident.

As Ake Johnson put it, this is "perfectly logical, despite everything."

With Approval Of Leadership

But what is the main purpose? Much speculation and many theories have been proposed. Intelligence gathering, examination of our archipelagos and base

areas, examination of our mining system during times of peace, preparation for sabotage operations, and other possibilities have been mentioned. From our Swedish standpoint, however, none of these considerations seem important enough to justify the extreme political burden that would result from being "caught red-handed."

After Gasefjarden in 1981, some people believed that the incident showed that the political leadership in the Soviet Union did not have full control and insight in military matters. According to this view, the leadership simply did not know that the Soviet fleet was operating illegally in Swedish and other waters.

If this had been the case, the submarine intrusions should have ceased after Gasefjarden. At that time, they could have discontinued these activities without "losing face," since they claimed this incident resulted from a navigational error. But the intrusions continued, which means they must have occurred with the approval of the political leadership, which makes the situation much more serious.

Even though we have difficulty finding a justification for the intrusions strong enough to offset the above-mentioned risks, it is enough for us to note that these activities have continued and that the intruding power either has motives unknown to us or believes it is achieving much more through these activities than we know about.

We believe that, with new materiel and improved technology, we will be able to force a submarine to the surface or sink it, if they choose to continue. If they believe the risk of this is less than our estimate, it could be because they see we have not utilized all our resources to combat the subs or they may possess some new technology we know nothing about.

Previously, before Harsfjarden, we assumed we were hunting conventional submarines and adapted our tactics and technology to that assumption. Now we know that we also must deal with minisubs, but we do not know what they look like, what equipment they have, or what possibilities they have of concealing themselves in our archipelagos.

Technology, and weapons technology in particular, is undergoing extremely rapid development by the big powers. Thus, it is possible that these minisubs possess some new technology that is unknown to us. There are many indications that this is the case. As a result, the submarine hunt is like fighting against shadows.

High On List

It seems obvious that this submarine activity is a part of war preparations. Strangely enough, many people reacted when former chief of staff Bengt Schuback stated this in an interview. The public reacted when reality did not agree with the picture they were used to seeing.

But war preparations do not mean that there must be war. A big power, and especially a superpower, must always prepare for various eventualities.

The special interest the Soviet Union has in Sweden was indicated by the defected KGB agent Imants Lezinskii who appeared in Stockholm late last January. According to Lezinskii, Sweden was number three on a list of "enemy nations" drawn up by the KGB and signed by Andropov, who was then head of the KGB. Only the United States and Canada were higher on the list. Countries such as West Germany, France, and England were below Sweden.

The reason for our high position on the "enemy list" is our important position between the two blocs. If Lezinskii's information is correct, it becomes easier to understand the illegal activities directed against us, including the submarine intrusions. Apparently, the Soviet Union believes our territory is more important than we think.

Better Bases

After Gasefjarden, a theory of why the Soviet submarines were studying our archipelagos was presented in SVENSK SJOFARTSTIDNING and other publications. This newspaper pointed out that the bases available to the Soviet Union for its submarines in the Baltic Sea are particularly vulnerable. Most are situated on an open coast at the mouth of a river. Thus, they are easy and extremely vulnerable targets, especially if nuclear weapons are used.

In this case, it would be only natural for the Soviet Union to seek better, more protected bases. In the Baltic Sea region, such areas are available only in the Swedish archipelagos.

For this reason, according to the theory, they may now be studying the area in preparation for such bases. This is most easily done with submarines. The Soviet Union has submarines in the Baltic Sea that are equipped with strategic nuclear missiles. These missiles could be used against targets throughout northwestern Europe from the Baltic Sea.

Nuclear Umbrella For Soviets

In the Baltic Sea they are better protected from NATO antisub units than they would be in the North Atlantic. They would be even better protected in Swedish territorial waters, from which they could launch their missiles. They could do this if they believed that our Swedish antisub resources were insufficient to detect them. They could also believe that NATO probably would be more hesitant to use nuclear weapons against Soviet targets in Swedish waters than they would if the submarines were at sea.

Thus, according to this theory, Swedish territory could serve as a kind of nuclear umbrella for the Soviet Union. The submarine defense commission discussed this theory, but believed it was highly unlikely. Only the Soviet Union knows for sure.

Angry Russians

As we see, it is difficult to determine exactly what is behind the submarine intrusions. We do know, however, that the intrusions have continued. Ake Johnson presented a logical theory to explain why the Soviet Union could not stop its operations after the Harsfjarden incident.

As chief of the naval base in Karlskrona, I experienced first-hand the submarine hunt in Gasefjarden in 1981 and in the Karlskrona area in August and September 1983. I know from experience how angry the Russians were in 1981 when a small nation such as Sweden refused to do what the superpower thought it should. Instead, we were insistent and forced the Soviet Union to meet the four Swedish demands (a Soviet apology, interrogation of the ship's officers and inspection of the ship, removal of the ship by the Swedes, and Soviet reparations), which the Soviets had opposed throughout the incident.

They reacted strongly when they were not permitted to enter the military region with their own salvage equipment to remove the U 137. They were also angered because we did not accept their "explanation" that the whole incident was an accident caused by an error in the navigating system. As a superpower, they were unaccustomed to giving in to a small nation. As a result, they were insulted and humiliated.

Show Dissatisfaction

Thus, there is a certain amount of logic in the assertion that little Sweden could not treat a superpower in this manner without being punished. The dignity of the Soviet Union demanded this. A good way to show its strong dissatisfaction would be to demonstrate clearly that they did not care about our protests.

The easiest way to do this would be to continue the violations. Perhaps this is one reason they have not stopped. There is a certain amount of logic in this, too.

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ARMS INDUSTRY PLACED IN POLITICAL, ECONOMIC PERSPECTIVE

Istanbul DUNYA in Turkish 7 Mar 84 p 1

[Text] Turkey is the only nation in the Middle East area, where wars show a tendency to escalate dangerously, which does not have to worry about its safety. This confidence arises undoubtedly from the fact that, from a military standpoint, it is incomparably stronger than its neighbors.

Being a NATO member contributes relatively little to Turkey's military strength. NATO's contribution does not go beyond the fact that oil rich Arab and Islamic nations, which are wary of the Soviet Union's pressures in the area, view Turkey as a barrier.

On the other hand, the participation of President Kenan Evren in the Islamic Conference and his visit to Saudi Arabia, which clearly brought his weightiness to the surface, point to a development related to the nation's potential. This national potential begins with an adequate human potential and rests on the fact that Turkey has the only developed economic structure in the Islamic world which can effect of transfer of technology.

The faculty to maintain without any loss the armed forces' operational capacity, despite the United States' prolonged arms embargo, can be viewed as a proof of the nation's potential.

At present intensive efforts are under way to develop a defense industry on a national basis. Talks regarding projects whose ultimate aim is to acquire the necessary technology and manufacture within the nation airplanes, tanks ships and arms, are in progress.

It is possible to follow those talks and the increased traffic in their wake, even if only a little at random, in the daily press.

The fact that should be noted at this point is that the advances made in the defense industry follow along the same lines as politics and the economy.

The political dimension rests on Turkey's security being linked to that of the West. The threat posed by the Middle East wars to the West's oil reserves also gives rise to a rather favorable conjuncture from the political standpoint. By exploiting this conjuncture, Turkey appears to have the possibility to further

its interests which tended to be overlooked up to now.

And there is no doubt that the economic dimension benefits from this favorable political conjuncture. However, the business angle carries with it the necessity for fine calculations and in a sense a loss of time.

A factor Turkey should be able to exploit, in view of the area's characteristics, is that the defense industry it is developing will have obvious export prospects. However, rather than putting heavy emphasis on the export factor, it should be perceived in somewhat milder terms.

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FABIUS ON FRANCO-GERMAN ECONOMIC COOPERATION

Hamburg DIE ZEIT in German 10 Feb 84 p 21

[Interview with Laurent Fabius, French Minister for Industry and Research]

[Text] France's 37-year-old Minister for Industry and Research Laurent Fabius is one of those closest to President Mitterrand. It is not by accident that Francois Mitterrand has entrusted the pragmatist, Fabius, whom he values highly, with the industrial department, because for the chief of state, the modernization of the French industry has priority. Mitterrand and Fabius advocate a rapid pace for this -- for two reasons. The first: A further delay of the long overdue structural changes would certainly cost more jobs. The second reason: The economic crisis cannot go on too long, because the parliamentary elections will come in 1986. Therefore Fabius has threatened the heads of the nationalized concerns with dismissal if their firms do not show a profit by 1985. DIE ZEIT spoke with Laurent Fabius about German-French industrial cooperation.

ZEIT: French foreign trade recovered last year in a spectacular way; the deficit in the balance of trade was more than halved. Nevertheless, several members of the government in Paris do not tire of complaining of the decline of French industry.

Fabius: "Decline" is not the correct expression. France is the fifth industrial power in the world, and with its scientific position it stands world wide in third place. But in truth there are great contrasts in French industry. As is known, we have vigorous branches: nuclear power, food, office equipment, software, communications, transportation and air travel, for example. Within a branch one always finds healthy enterprises and others that have at least considerable difficulties. Today we are paying the price of too little investment in the past ten years. But in 1984 investment may well happily develop.

ZEIT: Has France declined in comparison with the Federal Republic?

Fabius: Rather in comparison with Japan and the United States. Some countries began modernizing their industry from 1975 to 1980. But France made too little effort at that time. It is not proper for me to pass judgment on the Federal Republic. Also, I am not sure whether it has attempted to come to terms with and complete the structural change. As far as trade is concerned, Germany is stronger than France. But industrially we have high trumps in our hand. And in

some future branches -- electronics, biotechnology, new raw materials -- we are well in the running. In short: The efforts that we must make must be made by all European countries.

ZEIT: Aren't some circles in France playing with the thought of turning more to Japan and the United States because of disappointment and disenchantment with German-French cooperation?

Fabius: Naturally we work together with Japan and the United States. But I am a passionate advocate of German-French cooperation. It has led to very positive results, even if there have been disappointments here and there. The airbus, space travel, scientific cooperation, communication projects -- all these things have been excellent. Sometimes we would like to progress farther and more rapidly. Possibilities are opening up in new areas: biotechnology, electronics, and also transportation with the project of a European high speed train (TGV).

ZEIT: What concrete project are you particularly interested in in the short run?

Fabius: I wish Europe would quickly realize the "Esprit" project, which has been in planning for a long time, and which is of great significance for the new technologies in the area of information. It would also be good for us to decide relatively quickly on Airbus 320, and that we strengthen cooperation in the area of communications, and finally, that we develop the project of a European high speed train -- especially through France and the Federal Republic. Of course one could mention other projects. But let's try to realize these!

ZEIT: Is European cooperation directed against other industrial powers?

Fabius: It is not directed against anyone. The present electronic revolution is the first technological revolution that hasn't come from Europe but from the Pacific area. Our countries are too small to cope with the necessary investments individually and to finance the colossal research projects individually. Therefore we must make common efforts. Let's take the example of the aircraft industry. The question arises quite simply of whether Europe intends to take part in Airbus 320 or whether there will be only one producer throughout the world -- Boeing. Nevertheless, a very attractive new market is beckoning to us in civilian air transport.

ZEIT: In your eyes is the strictly liberal and free enterprise system of the Federal Republic not a barrier to efficient German-French cooperation?

Fabius: Not at all. German-French friendship is an indispensable basis for Europe, no matter which governments happen to be in power. Each discusses the problems in its own way, but one must attack them together.

ZEIT: A successful example of German-French cooperation in industry is the Hoechst-Roussel tandem. Both chemical concerns came together without any state intervention because of the friendship between their company heads.

Don't you think that cooperation without intervention works best?

Fabius: No one is advocating interventionism. The state must not and cannot replace the enterprises. The states must clearly create favorable conditions: unify the standards, arrange competition from a European viewpoint, remove all tariffs in Europe, and make those markets under government control open to all. In the meantime cooperation between firms is and remains a matter for the firms themselves. Hoechst and Roussel is a good, a very good example.

ZEIT: No large European industrial firm has arisen since 1958. Which large concerns do you wish for in your dreams? Whom -- which firms -- would you like most of all to marry?

Fabius: I don't want to contradict what I just said to you about interventionism. And in my position one does not, of course, systematically begin to dream. I would just like for the population of our countries to think about what is at stake. If the countries of Europe and the European concerns do not work more closely together, our countries will run the risk of becoming second-class industrial countries in ten or fifteen years. And no country could get out of this alone. The center of gravity is shifting today to the Pacific. And still, Europe is capable of great accomplishments, as for example the research center Cern in Geneva or Ariane shows. We must play this card!

ZEIT: Do you think that the German industry is counting on this card, too, that this card is understood in Bonn?

Fabius: I think it is understood at the highest governmental level. I think -- after conversations with firms -- that it is also understood in these circles. And the unions understand very well that one must have a total vision and not one that is compartmentalized. But this wide-spread understanding is not everything. We have to move into action more quickly.

ZEIT: And here probably things don't go as one wishes...

Fabius: I think we must try to progress farther and more quickly.

ZEIT: You mentioned the problem of technical standards that vary from country to country and in this way impair exports.

Fabius: During the last German-French summit meeting we established a commission; it was to clarify which standards we could unify. The commission presented a concrete list with hundreds of standards that could be brought together in our two countries. In this area the work accomplished is excellent; here there have really been serious efforts.

ZEIT: Is France counting on the help of the Federal Republic of Germany to lighten the pressing burden of a rigorous economic policy?

Fabius: With our own growth in 1981 and 1982 we furthered growth in other countries -- the Federal Republic included. As a result we are experiencing

today a smaller growth than many of our neighboring countries. Therefore the opposite mechanism should now come into effect.

ZEIT: Are you expecting active help from Bonn?

Fabius: Each country must look out for its own economic balance. But those countries that have a growth potential should fully utilize it in order to promote a healthy economic upswing in all of our countries. In particular one should take advantage of the chance for a revival of investment activity.

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RISING EXPORTS, LOWER IMPORTS IN TRADE WITH USSR

Vienna DIE PRESSE in German 14 Feb 84 p 9

[Text] Vienna [ho]--The boom in Austrian exports to the USSR continued last year at a somewhat weakened pace. Since imports dropped last year on account of reduced energy deliveries, Austria's traditionally high trade deficit with the USSR declined from \$7.5 to \$4.1 billion. As many as 300 Austrian firms are active in the Soviet market, according to a PRESSE interview with Dr Friedrich Draszczyk, the Austrian trade delegate in Moscow. For 1986, the Department of Interstate Trade is planning a large industrial exposition in Moscow with the slogan "Modern Technology from Austria."

Austria's exports to the USSR increased by 25 percent in 1981 and by 22 percent in 1982. A further increase of 14.6 percent was achieved last year, bringing the total exports to \$10.8 billion and exceeding the magic 10 billion mark for the first time. Austria's exports have almost doubled since 1978 and today exceed those of the United States and Canada combined. The Soviet market ranks in fifth place among Austria's foreign trading partners. Approximately one-third of Austria's exports to the East Bloc goes to the Soviet Union.

Declining Imports

At the same time, Austria's imports from the USSR--90 percent of which are energy and raw materials--continued to decline. Following a drop of 19 percent in 1982, last year ended with a 12 percent reduction in imports, falling to \$14.9 billion. Thus, a strong reduction in the trade deficit with Moscow continued. The deficit totaled \$13 billion in 1981, was reduced to \$7.5 billion in 1982 and fell to \$4.1 billion in 1983. Currently around 300 Austrian firms are represented in the Soviet market, about 100 more than at the end of the 1970s. However, around 20 firms have approximately 80 percent of the export business.

Along with about 45 percent steel products--especially sheet metal and pipes--12 percent consumer goods, 7 percent food products and 7 percent chemical and rubber goods, the percentage of "high quality" machine, plant and ship exports is relatively low when compared with the percentage of machine exports from other Western suppliers such as Germany and Finland (each with 45 to 50 percent), Italy (38 percent) or Switzerland (55 percent). It is Draszczyk's opinion that Austria's efforts to promote exports should concentrate mainly on the area of finished goods, especially on mechanical engineering and consumer goods.

The marked increase in marketing efforts by Austrian firms and the various events arranged by the Department of Interstate Trade are thought to be the principal cause of the robust export growth over the past several years. Business trips, participation in expositions and representation at seminars and symposia have sharply increased. Last year, 120 businesses participated in expositions in the USSR, either independently or in groups sponsored by the Department of Interstate Trade. Moreover, with about 30 company-sponsored seminars and 25 symposia, Austria has now gained access to the intense seminar activity of its West European competitors.

In view of the still strictly centralized foreign trade monopoly of Moscow, such events are the only way to get to talk with the potential users--the plant engineers and factory managers--and thus conduct a market-targeted product promotion. To be sure, the machinery of the complex Soviet administration and planning offices must still be passed. The proverbially selective "Buyer's Market USSR" requires persistent effort, much patience and a large travel budget. But successful firms claim that Soviet clients are loyal and dependable.

Since 1981, when the Long-Term Program of Economic and Scientific-Technical Cooperation from 1981 to 1990 was signed, Moscow has apparently been trying to abide by its pledge to cooperate for a better bilateral trade balance through increased inquiries about trade goods from Austria. Of course, this requires that Austrian goods be fully competitive. Austria's recent ability to match its Western competition--above all Germany, Japan, Finland, France and Italy--in credit terms has definitely been a decisive factor for more orders in the capital goods sector.

Moscow Orders One-Third of Its Imports from the West

The USSR orders just barely one-third of its import needs from the West, buying mostly machines and industrial plants as well as steel products. Austria has acquired a respectable position with its now over 4 percent share of Soviet imports from the West. Germany has 18 percent, Finland 16 percent, Japan 14 to 15 percent. Austria's share of the market is higher than that of Switzerland and Sweden.

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KEMPINAIRE ON EXPORTS, TRADE DEFICIT

Brussels KNACK in Dutch 18 Jan 84 pp 26-28

[Interview with Andre Kempinaire, secretary of state for foreign trade, by Karel Cambien: "We Need not Fear Anyone"; date and place not given; passages enclosed in slantlines printed in italics]

[Text] Things are not bad with our balance of trade. The large deficit of the past years has been reduced. But the problems remain. An interview with Andre Kempinaire.

Even the opposition recently admitted that this government's policy has not been bad for our balance of trade. It appears, for example, that among the industrial countries Belgium is the leading export country per inhabitant. A distinction of some importance. Nevertheless, since 1973 our country has not been able to record a surplus on that balance of trade. Since that specific year, the losses have become increasingly greater. Since the advent of this administration, this deficit has been seriously pushed back for the first time. At the end of 1982 the balance of trade still had a negative balance of 247 billion francs; by the end of 1983, this had been reduced to about 75 billion francs.

Secretary of State for Foreign Trade Andre Kempinaire (PVW [Party of Liberty and Progress (Flemish)]) is apparently doing better in that department than his French predecessors, Lucien Outers and Robert Urbain, did. Furthermore, approximately at the turn of the year, a number of economic cycle analysts from the banking world claimed that in terms of exports the year 1984 will be significantly better yet than 1983.

A devaluation and a strong limitation of domestic consumption have so far skillfully played into Kempinaire's hands. Nevertheless, it is still remarkable that in terms of exports considerable progress is being made, and this precisely during a period when "the list of export markets is constantly shrinking," as Kempinaire recently said.

Meanwhile, this has not prevented the secretary of state from traveling widely in his work. Perhaps this is precisely the key which has led to success. It is not easy to snare Andre Kempinaire in Belgium for an appointment. Over a period of roughly 2 years he was responsible for 37 foreign missions, 22 of which were large ones. But it appears that one promise at least has been fulfilled: the growth of exports has partly launched the recovery.

Andre Kempinaire: That export growth is due to a large extent to the propagation of high technology products. As far as that goes, we do not have to fear anyone. Bell's several billion franc contract in the People's Republic of China has once again clearly demonstrated this. Belgium has acquired name and fame in the area of telecommunications, but fortunately there is more than that. I keep finding that we have made substantial progress in other sectors as well.

Take a look at the transportation sector. When an urban project exists somewhere, we help with the construction. Our rolling equipment is also in great demand. But the soap of the American astronauts, for example, was also Belgian. The carpets in the Vatican or in various mosques in Ryad are Belgian.

It is good that we can say that success is also being recorded in less traditional sectors, which precisely for that reason are so important. Such as in the construction sector, the energy sector, you name it. As a matter of fact, one should not fix one's mind on a word such as key technology. Because what is key technology? Doesn't key technology involve the production of products requested by other people simply because they do not manufacture them themselves? In this way, won't they easily talk of advanced technology in the metal sector? But you cannot simply ignore the fact that some metals of Belgian origin were used in the American space vehicles, can you? The steel wire manufactured by Bekaert in Zwevegem, can be found all over the world, sometimes in the most unlikely places.

Tour of Belgium

Question: When the new government took office, Minister of Foreign Relations Leo Tindemans claimed that exports could simply be doubled. Even now that doesn't sound very credible, even though the figures indicate a clear improvement. Meanwhile, the balance of trade has not recorded a surplus since 1973. Is it possible that our balance of trade will soon become positive again, and shouldn't this as a matter of fact be the goal to strive for?

Kempinaire: For a while now we have been recording a surplus in the monthly closing balance. And that is, in and of itself, quite a success already. Something like this has not happened since 1976. We must naturally continue to strive for a more balanced balance of trade. But to assume a surplus seems nevertheless unreasonable. Don't forget that our country does not have a single raw material at its disposal.

Furthermore, the importation of energy is and remains a significant cost factor. If we were to remove the importation of energy from the balance of trade, we would already achieve a sizable surplus. As a matter of fact, in recent years the share of the energy account has marked a sharp decline; in that area our country has achieved substantial progress. Will it be possible for us to double our exports as Tindemans says? No, I don't believe that, even though it remains true that we still have many potential exporters available. It is our task to make them aware of certain opportunities. We must concentrate on those people, who are not always aware of them themselves.

Question: However, at foreign fairs they reach the conclusion that the same firms are always represented, usually the large ones such as Acec, BN [expansion unknown], Bekaert, Afga-Gevaert, you name it. Apparently KMO's [Small and Medium Sized Enterprises] are not so easily tempted into such a foreign trip. Do you really pay enough attention to those KMO's?

Kempinaire: We have tried to do something about that with a kind of Tour of Belgium. In cooperation with the Belgian Foreign Trade Service [BDBH], we have organized meetings in all the large and medium sized cities of Belgium. There we systematically noted the logistic and financial help the exporting companies could take advantage of. I remain convinced that exportation is a matter of dynamism. In the final analysis, it is still up to the KMO's themselves to take that step abroad. If a KMO really wants to export, it will receive all necessary support from such institutions as the BDBH. And yet, I am still convinced that from our side we could still do more. I'm thinking, for example, of a "Cross the Channel" day, as they did in Kortrijk, or of the Belgian furniture train which rode through a part of France. We cannot organize enough of these kinds of initiatives.

Question: Is an institution like the BDBH financially strong enough for that? Fabrimetal has repeatedly stood at the wailing wall and pointed out that the resources of the BDBH are absolutely inadequate. Do you agree with that?

Kempinaire: I also go to that wailing wall: budgetarily speaking we still don't have enough resources. Which, in fact, is not very responsible for a government which after all wanted to emphasize exports. After all, the government declaration did state that the economy should be cranked up. We are a country which must put practically all its eggs in the export basket because our domestic market is too small. With that observation in the back of my mind, I feel that too few credits are being released for institutions which occupy themselves with promoting foreign trade.

Question: Aside from that one sometimes does hear the comment that Belgium is not flexible enough in granting export credits, at least not in comparison with some other countries.

Kempinaire: Countries such as the FRG and France are not more flexible than Belgium, but they do have proportionately more financial resources available, that is clear. And yet, I dare say that the Belgian government has always assumed its financial responsibility whenever necessary. How else would it be possible to state that Belgian companies attract contracts in spite of the competition by 10 or more foreign companies or consortia. However, the granting of export credits should not go so far as to become crazy. Certain countries finance projects at the rate of 100 percent, if only to keep up their image and name. In such cases we hang up, of course, and that is for the best. Just ask honest exporters: they will admit that we are definitely flexible enough.

Question: Isn't there a catch in there somewhere? An often heard complaint is that it is always the same enterprises which can, for example, take advantage of loans from state to state. This goes very far sometimes: a loan is granted to country X only if country X expresses its willingness to accommodate

firm Y's project. In other words, the state to state loans are tied purely to projects.

Kempinaire: We can prove that those loans are not tied to one firm or another. Presently we will get the figures on this. They will prove that never yet have so many firms benefited from state to state loans as now. And don't forget that when a certain firm benefits from such a state to state loan, there will also be a number of ancillary firms which will manage to benefit from it. As a matter of fact, we have also established that the granting of state to state loans also involves a greater diversification of sectors.

American Market

Question: It is well known that the high level of the dollar exchange rate does not do any good to our balance of trade. And yet, there are also several positive aspects. Doesn't that even open up a few specific possibilities?

Kempinaire: Indeed, especially in the United States itself there are opportunities now to be grabbed. We have taken skillful advantage of that already in 1983, among other things by organizing consumer goods fairs, but also in the area of technology. In the 1984 action program we have once again turned our specific attention to the American market. A large scale /Atlanta action/ will be held at the end of this year. We have had a firm footing there for many years. But we should also direct our attention to the West Coast of the United States. Los Angeles and that region, that represents a potential market of 12 million inhabitants. The Belgian KMO's, who look in the direction of the American market now, have a good chance of success.

Question: A short word about the institutions which represent Belgium abroad. First of all, the diplomatic personnel. A shift has clearly taken place in the jurisdiction of the diplomatic corps. In the past, this corps occupied itself primarily with political desk-work, but now it concentrates on economic field-work. In spite of this favorable evolution a number of embassies were closed over the past years: it seems irresponsible to me to retrench in this area.

Kempinaire: The closing of offices abroad is once again tied to budgetary problems. That is true, we must admit that. The majority of the ministers, but often also people outside the government, are not interested enough in what our services abroad are doing. And it is precisely those services which largely determine our image as an export country. This is why I have repeatedly stressed that greater support and resources should be put at their disposal. It is true that in the most recent past no new embassies were closed, but a few consulates were such as those in San Francisco, Osaka and Capetown. Nevertheless, we do remain present in those countries albeit with fewer personnel. Fortunately, our personnel strength in a few of our surrounding and important markets, such as France and the FRG, remains adequate. In Bonn, Dusseldorf and Lille, people are virtually working day and night. We could never afford to retrench in those posts.

Question: Do the commercial prospectors show enough dynamism? Commercial prospectors are people who become demotivated rather quickly. And moreover:

is the number of commercial prospectors, approximately 140, adequate? Shouldn't we put more people in?

Kempinaire: Sometimes commercial prospectors request equal status with that of the diplomats, but that is something we cannot very well grant. Financially, on the other hand, we have made valuable efforts. The problem is perhaps also that people sometimes hang around a certain place too long. We also try to remedy this as much as possible. Someone who has served in a difficult and far away post, we place as close as possible to home next time. If there are problems with commercial prospectors, they usually are of a human nature, and we try to provide solutions which are as reasonable as possible. Besides, the number of commercial prospectors is large enough; we cannot complain about that.

The Prince

Question: Don't you feel like you have been shot in the back by the regions? Within the Flemish Executive, for example, there is a ministerial committee for foreign policy. The splitting up of the BDBH is an often recurring theme. The regions are also increasingly going to set up their own missions. That must give you an uncomfortable feeling, doesn't it?

Kempinaire: If the Flemish Executive sets up such a ministerial committee, then it is precisely to prevent every minister within the Executive from going his own way. I have observed that in practice not that many problems arise. I don't expect conflicts to arise immediately. The regions are being involved in national policy, and I find that a good thing. As long as mutual consultation and sound cooperation are involved, the input of the regions is even a positive development. The only thing we have to watch for is not to trip over each other abroad. It is difficult enough, as it is, to sell Belgium.

Question: Isn't it an immense handicap that you don't have the title of minister? This must occasionally cause problems, especially during negotiations abroad.

Kempinaire: I have indeed experienced that, although, of course, we do have a minister of foreign relations; but he cannot do as much field-work. However, as far as the missions abroad are concerned, if necessary Prince Albert ensures that all doors are opened: he remains the best ambassador one could imagine.

Opportunities Lost

The fact that the name /Ministry of Foreign Affairs/ was replaced by /Ministry of Foreign Relations/ was not a coincidence. It indicates primarily that this department occupies itself, more than in the past, specifically with economic problems. A similar shift was first observed in the diplomatic corps, and the administration in Brussels has followed this turn-around as well as it could.

Our country, which has long been known as a traditional exporter, is increasingly less so now. Today, Belgium exports more than only textiles and food-stuffs. However, the fact that Belgian export is oriented far too much toward Europe remains one of its weak points. Among our traditional top eight clients, as many as seven are European countries: the FRG, the United Kingdom, Sweden, the Netherlands, France, Switzerland and Italy. Since the early fifties our balance of trade has shown a nearly continuous deficit. The only exceptions were in 1951, 1969, 1970, 1972 and 1973.

Exports remain vital for our country anyhow. Given all the people and services occupied with exports in this country, one can only wonder at the low number of Belgians who promote exports abroad. The diplomatic corps has 300 people who are permanently stationed abroad. In addition, there are also the consular personnel, about 175 individuals, but they are not expected to occupy themselves with trade problems. However, this is naturally expected of the so-called commercial prospectors, approximately 140 individuals. The large Belgian companies are barely able to overcome this problem. The large Bekaert company, for example, only has a single office for the whole Far Eastern region. That office is located in Singapore. As far as that goes, the big Belgian companies could glean something in our surrounding countries.

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GOVERNMENT SUBSIDIES FAVOR ELECTRONICS, AUTO INDUSTRIES

Paris LES ECHOS in French 5 Mar 84 p 4

[Article by Jacques Jublin: "The State Has Distributed 12.85 Billion Francs to Nationalized Companies. The Steel Industry is 'Sacrificed.' The Electronics and Auto Industries Favored"]

[Text] The battle of the budget is over. Jacques Delors and Laurent Fabius have put an end to hostilities under the watchful eye of Pierre Mauroy. The nationalized companies have finally received their 1984 allocations, they are ready to invest, borrow, develop new technologies, export and prove that they can present positive results to their shareholder, the State. Actually, the government is tired of having to keep subsidizing some of them, as nationalizations should not be incompatible with good management. Otherwise, Laurent Fabius warned, heads will fall. In the meanwhile, the "Robespierre" of the industry had to find a clever way to cast off the yoke of the 1984 budget so he would not be doomed to give too much to the iron and steel industry, which registered abysmal losses (10 billion francs in 1983) that would in fact sacrifice the future, and first of all the electronics, automobile and chemical industries. Well, although the steel industry got more than a dry crust of bread, quite a lot more, it is no longer the State's forced favorite: USINOR [North and East France Steelmaking Union] and SACILOR [Lorraine Steelworks and Rolling Mills] will be allocated only 5.5 billion francs this year. The electronics, automobile and chemical industries will profit by this first truth-in-subsidizing operation. Fortunately.

After the confrontation between ministries, several observations are in order. Renault, the favorite nationalized company, will receive 200 million more than had been expected. Add to that 750 million from the Industrial Modernization Fund (as 9.75 percent participating loan), the issuing of 1 billion's worth of participating stock, as was mentioned recently in the "letter from LES ECHOS," and a forthcoming loan of 1 billion, and you can see that Renault is well provided to handle industrial mutations, robotics,

the introduction of new lines, and the strengthening of its position in the United States.

The automobile industry is pampered by the State because it is viewed as one of the key sectors for the future, and as a catcher of essential foreign currency for the country: over 20 billion francs. The electronics industry is the other favorite of the government, although some may find that it deserved more, considering its potential splendor.

CGE [General Electricity Company], which is successful, will get nothing... except for a 700 million contribution for Thomson Telecommunications, which has been entrusted to CGE to help it build the fifth telephone group in the world (CIT-Alcatel plus Thomson). Bull is treated with consideration, CGCT [General Telephone Engineering Company] will get only part of what it should have received. But Thomson may well be disappointed. The nationalized company had hoped to get more than "its" billion.

Laurent Fabius would have liked to be more generous with one of his "pets," Alain Gomez. But, even in a locked position, the steel industry took more than had been planned originally by the minister of industry, who did not wish to give SACILOR and USINOR more than 4 billion out of the total allocated.

And, especially around the prime minister, some would like to see what Thomson's great electrical components and medical equipment policy will be before going any further.

No blank check for Alain Gomez. In addition, the State will use up some 700 million francs of research credits to "make up the total." Although this is not the company's own capital.

The chemical industry will have to pay for this subtle balancing act: although some would have liked to give away 2 billion francs to help with restructuring operations (to make up for the losses of PCUK [Ugine-Kuhlmann Chemicals] and fertilizer losses), only 1 billion will be distributed. But Rhone-Poulenc, whose position has improved, has not been forgotten, and its president, Loik Le Floch, is still counting on a decidedly ambitious strategy.

An Eye on the Stock Exchange

Pechiney has not been forgotten either. Things are much better now that stock prices have gone up and aluminum production has been reorganized, but obviously the government wants to accompany Georges Besse to the end of his search for added value and his race for international redeployment.

The 150 million francs allocated to Pechiney in 1984 symbolize this state of mind. Especially at the Elysee palace where Georges Besse is seen as a "winner."

The iron and steel industry will have to submit perfectly straight plans to the government, and it will have to eliminate many jobs.

Over 30 Billion Francs in 3 Years

Companies	Capital Allocations (In Billion Francs)		
	1982	1983	1984
Saint-Gobain	-	0.250	0.300 ¹
Pechiney	0.500	0.700	0.150
Rhone-Poulenc	0.100	0.300	0.300
CGE	-	0.150	-
Thomson Telecom (controlled by CGE)	-	-	0.700
CGCT	-	-	0.300
Thomson	-	0.550	1
Bull	-	1.500	1
Renault	1.020	1	1.200
French Coal Mines-Chemistry	0.450	0.300	1
Mining and Chemical Enterprise	0.100	0.050	0.200
Allocations granted to restructure the chemical and fertilizer industries	-	1.650	1
SACILOR-USINOR	2.800	5.700 ²	5.500
SNECMA [National Aircraft Engine Study and Manufacturing Company]-SNIAS [National Industrial Aerospace Company]	-	-	0.350
Totals [as published]	4.970 ³	12.300	12.850

1. To be paid in two instalments, 150 millions in 1984 and 150 millions in 1985.
2. Actually, SACILOR and USINOR received 6.45 billion francs in 1983, if we include allocations under the late 1982 finance bill.
3. Including 1.15 billion for 1981.

Considering that SACILOR and USINOR lost 10 billion francs in 1983, nothing should be ruled out. Not even an exceptional operation to mop up 3 billion francs in debt. And many nationalized companies will also not fail to get their own back from the 4-6 billion francs in participating loans that the Economic and Social Development Fund will offer.

Not to mention the additional billion to be allocated under the "Industrial Conversion Plan" adopted for the iron and steel, shipbuilding and automobile industries, the coal mines and telecommunications. All the automobile and electronics "clan" has to do to get the manna is to submit attractive investment projects.

As for those who are "disappointed by industrial socialism," the stock exchange is welcoming them with open arms. So much so that we should expect a multiplication of participating stock and additional stock issues, while many attractive subsidiaries should be entered on the stock exchange.

MATRA [Mechanics, Aviation and Traction Company], Saint-Goban, CGE, Thomson and even Pechiney are seriously thinking about it. The emergence of the mixed economy society with a pas de deux of the State and private capital will receive consecration on the stock exchange.

GOVERNMENT ORDERS, FINANCIAL AID FOSTERS SHIPBUILDING

Paris LES ECHOS in French 2 Mar 84 p 2

[Article: "Shipbuilding: The Government Is Handing Responsibility Over to the Shipbuilding Yards"]

[Text] "It is now the shipbuilding yards' responsibility. We shall help them, but now it is their business": the Secretariat of State to Maritime Affairs is now speaking a new language. Understanding, all right. But firmness comes first.

Guy Lengagne is distressed: that is quite normal, he is caught between the devil and the deep blue sea.

Yesterday, he kept his promises. No more. Five orders for French shipbuilding yards: two citrus carriers to be delivered to Delmas Vieljeux; one dredge for the Dredges and Port economic interest group; one oil supply ship and one landing barge carrier for the French Navy.

The government had announced the orders over a month ago, but it wanted to disclose them all at the same time. So no one would be jealous. The Atlantic Shipbuilding Yards, therefore, get the first three orders; Normed the other two. A total of 120,000 tons of balanced gross tonnage, or 6 million work hours. A gesture that will cost the State 460 million francs. Not much. Surprisingly so.

Politically, first, because these orders are not enough to make up for the shipbuilding yards' deficits. "We shall continue our struggle to get more orders," Guy Lengagne stated. Economically, then: 460 million will actually not even cover the difference between the cost price and the sales price of the two Delmas citrus carriers. What then?

The secretary of state to maritime affairs does not want to enter into these tricky "details." Alsthom Atlantique was forced to lower its prices "appreciably." Any public discussion of this fact was carefully avoided! But it certainly did not make negotiations with the shipbuilding yard easier when an order was placed for a car-ferry for Morocco.

Last 28 February, Guy Lengagne through the order was a sure thing. The French State was giving 140 million francs in aid. But at the last minute Rabat raised some difficulties. In particular, it asked that France should buy more phosphates. And, as the secretary of state to maritime affairs himself acknowledged, Alsthom suddenly became reluctant... The result: he was unable to make the contract public yesterday, as he would have wished.

For, when all is said and done, what does the government contribute? Two orders, which had already been made public, plus one dredge for the Atlantic Shipbuilding Yards, and two ships for the three Normed yards.

All the fundamental problems remain to be solved. From a capacity of 370,000 tons of balanced gross tonnage, the shipbuilding yards must go down to 270,000 tons: 120,000-130,000 tons for Alsthom, 140,000-160,000 tons for Normed. Such a reduction--over one fourth--will obviously be accompanied by a decline in the number of jobs. In the same proportions, of course.

Fundamental Problems Remain Unsolved

The secretary of state to maritime affairs still declined to say how much. He merely reasserted a principle: no yard will be closed; there will also be no "layoffs resulting in pure and simple unemployment." Therefore, the government is counting on reconversions, mutations, etc. The French shipbuilding industry employs 20,000. Reconversion agreements will affect a total of 10,000 people, including those in the steelmaking industry and in the coal mines.

Therefore, it is up to the shipbuilding yards to manage. To share the orders among their various yards. To solve their employment problems. "I shall not substitute for them," Guy Lengagne pointed out.

This time, the conditions for survival are clearly laid out. The government is willing to go along. It does not want to start anything. And especially it does not want to go too far on an extremely uncertain ground.

It is also out of the question that it should commit itself in the negotiation with the Swiss company NORA [expansion unknown]. Although, as we were told Place Fontenoy, the question is "closely" followed.

Guy Lengagne is displaying the limits of his power: "Governing does not mean being in charge of everything."

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ELECTRICITY COMPANY ENTERS SUBSIDIARIES ON STOCK EXCHANGE

Paris LES ECHOS in French 29 Feb 84 p 8

[Article by J.J.: "Nationalized Companies Out to Conquer the Paris Stock Exchange: CGE Is Making the Stock of Some Subsidiaries More Available to Private Individuals"]

[Text] Considering that, in spite of reiterated promises to prepare the country's future by devoting more means to leading industries and less to declining activities, the State cannot rid itself of the political and social archaisms which Pierre Mauroy denounced again yesterday in LE MONDE, nationalized companies are planning to take steps.

At least, those which can afford it. For it is surprising to see how many are now holding out their hands to receive private capital. Industrial socialism is decidedly out to conquer the Paris Stock Exchange. It amounts to a frantic attempt at finding new money, since the 12.85 billion francs in public funds allocated will not be enough. After Saint-Gobain, MATRA [Mechanics, Aviation and Traction Company] and Thomson, CGE [General Electricity Company], represented by its general manager, Georges Pebereau, stated that in the future it would rely to a large extent on private savings to finance its future.

Getting Advanced Technologies

"We intend to enter subsidiaries such as CGEE-Alsthom or Cables of Lyons on the stock exchange, but that will not be for 1984," the chief executive officer of the CGE group told the Economic and Financial Press Association (AJEF). And he added: "Right now, we are going to issue new stock and convertible bonds for several subsidiaries."

Does that mean that CGE has been disappointed in any way by its shareholder, the State? It denies it and even points out that in the past two years it has received more billions in public and private funds than it had received since after the war. Here are the figures: 311 million francs in new stock issued, 500 million in participating loans, 2.25 billion raised on the financial market, including 1.64 from third parties.

Reliable "Periscopes"

This will be a massive capital mobilization, for it is quite clear that CGE intends to become what it calls "a spearhead in advanced technologies." One eye on ATT and IBM, the other on the Japanese clan.

New money that will essentially be used in the energy, transportation and telecommunications sectors, the three favorite fields of operation of the group which made important strategic decisions in 1983, especially following rationalization agreements with Thomson. Nine tenths of the nationalized company's efforts are now devoted to this industrial "triad," compared with two thirds in 1982. With a credo: the goals selected do show that "CGE is no longer a financial conglomerate, but a homogeneous and coherent industrial group." 1983 results show 62.4 billion francs in sales, and some 640 million in consolidated profits, including 240 for the parent company.

Certainly, seen from France, it is a "group," but one that is a "small/medium size enterprise on a worldwide scale." And Georges Pebereau described quite well the challenge which CGE and, through it, the whole French industry, especially leading industries, must meet. With one month of their net profits, the U.S. telecommunications giant ATT or its competitor in the field of computers IBM can safely buy two or three companies of a size equal to that of CIT-Alcatel.

And at the same time, General Electric can treat itself to a company like Alsthom Atlantique. Whence a determination to multiply alliances in Europe, the better to conquer the world, whether in the United States (CGE is seriously considering strengthening its position there) or in Japan (where it intends to increase its investments). And why not adopt a "venture capital" style, as Olivetti just did with Sony in the land of the Rising Sun. Not only is this a good way to avoid all too hegemonic approaches but, above all, it will give the company reliable technological "periscopes" worldwide. And it needs them now that the third technological revolution is taking place as a maelstrom of ideas are crossing borders. It is no less than an industrial International.

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OVERVIEW OF DECREE GOVERNING RURAL EMPLOYMENT

Madrid YA in Spanish 1 Mar 84 p 3

[Excerpt] The approval of the decree-law implementing the rural employment plan for Andalusia and Extremadura, involving an investment of slightly over 45 billion pesetas; the approval of the decree on housing rented to employees; and the increase in the amounts of certain brands of tobacco that will be admitted from the Canaries to the Peninsula, are the most important items on the agenda of the Council of Ministers meeting to be held at Moncloa Palace under the chairmanship of Alfonso Guerra. The meeting had originally been planned as a deliberative procedure, but because of the rural employment plan for Andalusia and Extremadura, the body will have to make some decisions.

It was hoped that the government would make some headway in studying the law that lays the groundwork for local government, a bill that will be very controversial because it is part of the "institutional offer" made by President Gonzalez after much of the LOAPA [expansion unknown] was declared unconstitutional. The bill, which appears to be conclusive in this regard (it was drafted by the Territorial Administration Ministry) has incorporated proposals by parliamentary groups, autonomous communities and municipal agencies. The government has begun to study it, and according to acting government spokesman Miguel Angel Molinero, it will be approved at the next meeting of the Council of Ministers at which decisions are made. If the government's prediction is correct, that meeting will take place within 13 days.

Rural Employment Plan

Attention has focused, however, on Labor Minister Joaquin Almunia, who explained that the approved decree on the rural employment plan for Andalusia and Extremadura "aims at mitigating the problems of seasonal agrarian employment."

In total, 45.842 billion pesetas has been earmarked for the plan, of which 36.633 billion corresponds to Andalusia and only 9.209 billion to Extremadura. Almunia explained that of these figures, approximately 35.344 billion pesetas will be contributed by the Central Administration and 7.697 billion by the corresponding Autonomous Communities. The remaining 2.8 billion pesetas corresponds to various agreements with the National Employment Institute.

The minister dwelled very little on the major difference in allocations to Andalusia and Extremadura by the Central Administration, with Andalusia receiving a hefty 24.681 billion more.

Of the total funds allocated, 16.479 billion pesetas will be used for wages.

The minister placed special emphasis on the fact that unlike the approach of the community employment system, this plan links the creation of jobs to a series of public works projects that are economically profitable and socially desirable, aimed at building and improving infrastructures in rural districts.

The decree makes it mandatory for Public Administrations to hire seasonally unemployed rural workers for 75 percent of unskilled jobs in the projects carried out under the plan. The decree states further on that workers with dependents will be given priority; job offers must be made by name. Wages must be no less than those set forth in the collective bargaining pact that governs that sector.

Finally, the minister pointed out with respect to this decree that when the job quotas for projects under the plan are not enough to cover what is necessary to qualify for general unemployment benefits, calculations will be made to make up the 60 real workdays required to receive that subsidy.

"CCOO in Total Disagreement"

When the minister was asked about negotiations with the Workers Commissions (CCOO) on issues related to the agrarian subsidy and unemployment, he responded that "we are carrying out the negotiations with the Workers Commissions resignedly, because they never agree with anything."

8926

CSO: 3548/200

JANUARY RECORD EXPORT MONTH; IMPORTS DECLINE

Madrid DIARIO 16 in Spanish 1 Mar 84 p 17

[Article by Javier Pajares]

[Text] Madrid—The Spanish balance of payments underwent a spectacular transformation this past January, yielding a surplus of \$514 million, compared with a \$110 million deficit for the same month last year. January is usually a dismal month for overall foreign transactions, as is February. This year, however, the balance of payments seems to be heading toward satisfactory results.

The turnaround is due to two basic factors: the improved trade situation, and the balance of capital, particularly long-term capital.

Record

Although the customs figures for foreign trade had already been released, the cashbook statistics for foreign transactions confirmed the former. Revenues from exports totaled \$1.823 billion last January, the highest figures ever for a single month and a 10 percent jump over the revenues earned in January 1983. So far, the month with the highest export earnings was June of last year (\$1.818 billion); it was in that month that exports began their recovery.

As for imports, they are continuing the downward trend of the past few months, reflecting in part a lack of domestic economic activity. Non-petroleum imports fell by 7 percent, and total imports, including petroleum, declined by only 2.1 percent, since this January's oil purchases totaled \$115 million more than the totals for the previous January.

As a result of the above factors, the deficit in the current account balance has shrunk considerably, from \$278 million in January 1983 to \$68 million this January.

Reserves

The second significant change, however, is in the long-term capital balance. Last January there was a surplus of \$466 million in that balance as a result of an influx of capital amounting to \$1.065 billion, as opposed to only \$615

million in capital income the previous January. This increase in long-term foreign financing reflects a growth of about \$500 million in foreign credit, and a certain recovery in foreign investment, with \$185 million coming in last January.

The upshot has been a surplus of \$398 million in the basic balance, compared with a deeficit of \$179 million in January 1983. Taking short-term capital into account (in which Spain's position deteriorated, since short-term capital seems to be starting a trend of shying away from our country's lower interest rates), the final balance yields an increase of \$514 million in foreign reserves.

8926

CSO: 3548/200

PLANNED STEEL INDUSTRY LABOR FORCE REDUCTIONS

Madrid DIARIO 16 in Spanish 7 Mar 84 p 15

[Text] Madrid--The government has already established the operative payroll of the integral steel sector, whose reconversion plan calls for a 27.3 percent reduction in personnel, or a total of 9,732 workers, between 1983 and 1990. This information was reported to EUROPA PRESS by government sources.

The agreement on the payroll was reached at the meeting held last 30 January by the Delegated Commission on Economic Affairs. Later, the agreement on "reconversion of the industrial steel sector" was drafted, pending approval by the Council of Ministers. That agreement covers the operative payrolls of Altos Hornos del Mediterraneo, Ensidesa and Altos Hornos de Vizcaya.

The report drawn up by the Ministry of Industry and Energy on the reconversion projects defines the operative payroll as the number of employees "considered necessary, in accordance with the forecasts of production programs and the technological means and work systems that are used, to attain the production and maintenance objectives of the facilities, and to ensure the efficient management of the businesses."

Changes

At Ensidesa, the reconversion of the sector calls for a reduction of 5,755 workers during that period, 27.1 percent of the payroll; for Altos Hornos de Vizcaya, the total is 2,223 workers, 20.8 percent; and for Altos Hornos del Mediterraneo, 1,784 workers, 46.6 percent of the payroll. All together, 9,735 workers will be cut from these firms, 27.3 percent of the work force.

By company, the payrolls will undergo the following changes:

Altos Hornos del Mediterraneo: in 1983, 3,767 people; in 1984, 1,819 workers (drastic reduction); 1985, 1,749 workers; 1986, 1,840 workers; 1987, 1,902 workers; 1988, 1,919 workers; 1989, 1,953 workers; and 1990, 1,983 workers.

This firm expects to present a new employment regulation file consisting of 1,728 employees for the last 4 months of the year as a result of the final shutdown of the home plant. In 1984 this company will lose a total of 1,946 workers, of whom 731 are over 55 years of age and can take early retirement. A total of 1,214 employees under the employment promotion fund will have to be

placed in new jobs. That figure will begin to decline after 1986 as workers fail to serve out the maximum period in the fund.

Surplus

Ensidesa will be affected as follows by the reconversion plan: 1983/84, 21,255; 1985, 18,960; 1986, 18,377; 1987, 18,377; 1988, 15,951; 1989, 15,776; 1990, 15,500 workers.

This company is considered to have a technological surplus of 3,325 workers, stemming from the implementation of investments, and a structural surplus of 930 to 2,295 workers.

For Altos Hornos de Vizcaya, the changes will be thus: 1983/84, 10,676 employees; 1985, 9,326; 1986, 8,699; 1987, 8,699; 1988, 8,588; 1989, 8,507; and 1990, 8,453 workers.

There will be a technological surplus of 1,125 workers in this company, and a structural surplus of 579 to 1,350 workers.

	Payroll Totals	
	1983	1990
Ensidesa	21,255	15,500
AHV	10,676	8,453
AHM	3,767	1,983
Sector Total	35,698	25,963

8926

CSO: 3548/207

OVERVIEW OF TRANSPORTATION SECTOR LABOR UNREST

Madrid EL ALCAZAR in Spanish 7 Mar 84 p 13

[Text] Labor unrest, far from subsiding, is heating up day by day. Strikes follow one after another in nearly all sectors. Now it is the transportation industry that is announcing work stoppages to defend thousands of jobs threatened by the inefficient management by our government and to request wage hikes to enable thousands of people to survive serious economic woes. This new strike, which may be joined by all highway truckers, along with the employees of the Spanish National Railroads (RENFE), Iberia and Transmediterranea, could bring all activities to a halt in our nation if it is carried out. The damages would translate into billions of pesetas in losses, along with other possible consequences more significant than mere economic losses.

Confusion and poor organization by the company with regard to minimum services were the dominant themes in the one-day strike at RENFE yesterday, called by the inter-center committee at RENFE to put pressure on management concerning the workers' demands in the 1984 collective bargaining. The workers carried out a strike yesterday with intermittent work stoppages between 0800 and 1000 and 2100 and 2300 hours. Railroad traffic all over Spain was snarled, in short-haul as well as long-haul trains.

Thus, the mobilization of RENFE workers yesterday forced the company management to suspend 23 long-haul night trains, and during the 2 hours of strike in the morning only 18 percent of local trains were operating. In addition, 50 percent of long-distance trains were stopped for the entire day, so besides the usual interminable delays, various incidents took place throughout the day with travelers in some stations surrounding Madrid. According to the Workers Commissions (CCOO), the RENFE management announced that all local trains would run yesterday. Also according to the CCOO, this situation has been brought about by the company itself by giving the public and its customers a bad impression with regard to the strike and the workers' demands.

Minimum Services

Although the CCOO and the General Union of Workers (UGT) protested the way minimum services were organized, the latter functioned normally, according to reports by the inter-center committee as well as the company itself. Yesterday 9,500 workers were called to work during the 4 hours of intermittent strikes; the Workers Commissions claims, however, that it is not known exactly

how many workers are affected by the minimum services decree, since the company has not carefully monitored the letters sent to the workers in question. Yesterday morning, therefore, many employees who were not included in minimum services received the order to work in them.

The strike arose from the wage offer made by the company management in this year's collective bargaining. The RENFE management is offering a 5.9 percent wage hike, of which 2.3 percent, according to its partner at the bargaining table, will be used to cover the slippages of 1983. The company is also trying to cut back on many benefits acquired by the workers in previous years' contracts.

Crossings Suspended

The workers of the state shipping firm Transmediterranea held a strike yesterday from 0700 to 2000 hours, called by the UGT and the Free Trade Union of the Merchant Marine (SLMM) as a means to exert pressure in support of their wage demands in the 1984 collective bargaining.

As a result of the strike by fleet personnel, the shipping company management was forced to suspend 17 crossings that its ships should have made yesterday. In traffic between the Peninsula and the Balear Archipelago, six routes were suspended, serving Barcelona-Palma, Palma-Barcelona, Palma-Valencia, Valencia-Palma, Ibiza-Palma and Palma-Ibiza. In the Strait of Gibraltar, eight routes were suspended, serving Algeciras-Ceuta and vice-versa, and three more serving Algeciras-Tangier and vice-versa.

Sources at Transmediterranea told EL ALCAZAR that the workers at the company are not willing to accept the 6.5 percent wage raise that management is offering as a state enterprise, adhering to government directives, and that if wage hikes ranging between 8 and 9 percent are not obtained, they will go out on strike again on the 10th.

Iberia: More Conflict

Yesterday talks resumed between the Iberia inter-center committee and the company management to negotiate the 1984 collective bargaining agreement and the firm's feasibility plan.

If an agreement satisfactory to both parties is not reached, the Iberia workers have called a national strike for the San Jose Bridge and the upcoming Easter vacation.

As EL ALCAZAR has already reported, the bargaining committee met until 0200 yesterday, Tuesday, after talks went on all morning and afternoon. As of press time, no agreement had been reached. If that continues to be the case, the inter-center committee will submit the matter to a referendum of company workers.

As for Aviaco, tomorrow, Thursday, talks will continue between the company committee and management to negotiate this year's contract and feasibility plan, just as with Iberia.

Truckers Too

The independent truckers of Barcelona yesterday blocked access to the capital city by parking hundreds of large trucks on key arteries of the Catalanian seat of government. This led to a huge snarl of traffic which lasted all day.

The truckers concentrated on Calle Aragon, across from the Transportation Delegation of the Generalidad to demand the immediate resignation of the head of the department, Joaquin Tosos, due to the enormous proliferation of illegal transportation agencies and of blacklists of truckers circulating in this sector. They also complained of industrial piracy, about which nothing has been done since this area came under the jurisdiction of the autonomous Catalanian government. The Barcelonan truckers also ask that the public works council of the Generalidad exert stricter control over those illegal agencies.

The civil government of Barcelona stated yesterday that it will severely punish the independent truckers who tangled up traffic in the capital. Government sources indicated that at first the maximum possible fine of 500,000 pesetas will be imposed on the organizers of the "sit-down" strike, and each of the demonstrators will be fined 50,000 pesetas. Along the same lines, Barcelonan civil authorities will also impose high fines on taxi drivers who last Monday demonstrated in Barcelona to protest the lack of safety they must endure on the job. As EL ALCAZAR already reported, a Barcelona taxi driver was the victim of an attack in which the perpetrators first robbed him of his money and then set his car on fire.

8926

CSO: 3548/207

GOVERNMENT PLAN FOR SHIPYARD RECONVERSION

Madrid YA in Spanish 7 Mar 84 p 18

[Article by Carmen Parra]

[Text] The shipyard plan known as "Foundations for the Reconversion of the Shipbuilding Sector," which the Ministry of Industry will begin to negotiate next Friday with the companies and unions involved, is being proposed as a framework within which the administration will be able to provide the necessary tools to enable the firms to deal with their own reconversion. They will also be able to decide, along with the workers, how they will participate in industrial activities, YA has learned. The philosophy behind the plan is similar to that applied to the textile sector, where the restructuring process points to a promising future. The reconversion of the shipbuilding sector will cost about 150 billion pesetas over the next 3 years, and in the third year the companies are promised a positive cash flow.

The Ministry of Industry has been putting the finishing touches on this plan in the last few days to present it at Friday's negotiating meeting with the companies and the unions. The plan begins by providing the sector with the aid necessary to put it on an equal footing with other national industries with respect to financing and export subsidies, so that they can face foreign competition. The export subsidies will range between 20 and 25 percent (they are now 15 percent), depending on the different uses they are put to.

These subsidies will be aimed at contributing to shipyard maintenance and at helping businesses obtain assistance to improve their financial and labor situations. Specifically, 2 percent of the amount of the subsidies will be earmarked for the employment promotion funds (FPE) that will protect surplus workers.

The technological development assistance will be used partly for research and partly for activities determined by the kind of ship being built and how many national resources have contributed to it.

Subsidies between 20 and 25 Percent

The plan stipulates that the current level of productivity, between 40 and 50 hours of direct labor per gross compensated register ton (TRBC), shall rise to

33 hours per TRBC over the next 3 years in order to meet European standards. It specifies, however, that this goal is not enough for the ensuing years, since Japan already has achieved a productivity rate of between 18 and 20 hours per TRBC.

Another objective set forth by the plan drawn up by the administration is for businesses not to experience any losses once these measures take effect (after discounting the subsidies) so that the public and private entities of the sector can be treated equally.

Another goal is to rationalize supply, orienting it toward the regional concentration of firms to ensure that they are of the appropriate size and have adequate marketing capacity. For this purpose, the two agencies that will coordinate and implement the measures are the National Institute of Industry (INI) for the larger shipyards, and SORENA [expansion unknown] for the small and medium shipyards.

One point that has not yet been decided is the modification of the system for appraising ships for subsidy and financing purposes. That rate is now pegged at 80 percent, and the idea is to raise it to 100 percent for the national market, although the Ministry of Economics and Finance has not yet given the final word.

Two Stages

Consequently, the reconversion of the shipbuilding industry will take place in two distinct stages: the first will consist of the establishment of a framework for action, through the aforementioned assistance and mechanisms, and the second will be the reconversion process itself.

During this second stage, the companies will have to make their individual and subsector calculations, and then propose their own plans, to which the necessary measures will subsequently be applied.

Unlike plans in other reconverted sectors, this one does not set goals for future capacity or production, because previous experience has shown that such objectives are rarely achieved. At this time the total capacity of Spanish shipyards is 750,000 gross compensated register tons, and the percentage of utilization is 55 percent. Because of the low level of activity, however, it is estimated that in 1984 the utilization rate will drop to 40 percent. Of that total production capacity, 400,000 TRBC's correspond to small and medium shipyards and 350,000 to large shipyards, all publicly owned.

With regard to labor, an employment promotion fund will be established, decentralized in territorial units, in which surplus workers will be taken care of.

9,600 Retirements Expected

The plan also avoids determining what constitutes surplus labor, and no figure will be put on the bargaining table until the companies specify their plans

for action. But the prediction that by the middle of this year 14,000 workers in this sector will hold regulated jobs, is highly significant.

Surplus workers will be treated somewhat flexibly, since it is estimated that by the end of this year there will be much more of them than the structural surpluses that will occur over the next 3 years. As a consequence, some of the surplus workers will be transferred to the employment promotion funds to be placed in other jobs later. The remainder of them will be regulated through temporary suspension from employment.

The forecasts indicate that, given the current slump and the expected slow contraction to follow, there will be a period of some 12 months during which there will be far more surplus workers than during the entire reconversion process. The dilemma over whether to rescind or suspend contracts in this sector will therefore continue.

Moreover, the pyramid of ages in the shipbuilding firms must be taken into consideration; it means that some 1,000 workers can retire at 60 right now, in addition to another 4,500 to 5,000 who are 55 to 59 years old. They will go immediately to the FPE's for early retirement. In addition, some 1,200 workers will turn 55 in each of the next 3 years, and they are expected to receive similar treatment to that given in the steel industry. That is, they will go to the employment promotion funds to take the place of younger workers who can be placed in new jobs.

Specialization of Companies

As for the shutdown of companies, this plan does not specify anything; it states only that regional concentration and specialization processes will be encouraged. These are mere guidelines, since on this matter as well it is the companies that will have to decide how to straighten out the situation. The administration is definitely promoting the idea of integration and the establishment of a single activity in a single area. The INI wants to give autonomy to its firms and set down the rules of the game, preventing any company from contracting to build ships at a loss, as has been done in recent years. Sorena will do the same, although in private shipyards this has been less of a problem.

The negotiations to begin next Friday are expected to last 2 months at the most, and whatever agreement emerges from them will be sent to the Delegated Commission on Economic Affairs for approval of the decree-law on the reconversion of the shipbuilding industry, which will annul the agreements of 1980. In addition to the representatives of the Ministry of Industry, the INI, Sorena and the following labor unions will participate in the bargaining: the Workers Commissions (CCOO), the General Union of Workers (UGT), ELASTV [expansion unknown] and INTGA [expansion unknown]. Although the membership of the union delegation has not yet been decided, the number of delegates representing each of these unions will be 9, 9, 3 and 3, respectively.

Losses in Last 4 Years

The losses suffered by the shipbuilding sector in the last 4 years have been as follows:

Large shipyards under INI:

1980	32 billion pesetas
1981	24 billion pesetas
1982	22 billion pesetas
1983	30 billion pesetas

Medium and small shipyards, public and private

1980	5 billion pesetas
1981	4.5 billion pesetas
1982	6.5 billion pesetas
1983	8.5 billion pesetas

Under the shipbuilding reconversion plan, the accounting system for assessing losses is to be revised.

8926

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'AUTHORIZED UNION' CONCEPT SEEN VIOLATING LABOR RIGHTS

Istanbul CUMHURIYET in Turkish 23 Feb 84 p 9

[Article by Sukran Ketenci]

[Text] What a pity it is that, while new laws are still in the form of bills, objections we have attempted to voice have come on the agenda as being more wide-ranging than we feared or suspected.

The solution of the "authorized union" problem, restrictions put into law for the sake of preventing the multiplication of unions, and reorganization resulted from the inability to use the right to collective bargaining for a significant majority of the workers and unions.

Statistics from, out of necessity, last January released by the Ministry of Labor and Social Security to be used in determining authorized unions and to inaugurate the contract system have blocked the road to collective bargaining for the majority of workers who have gained the right to a new contract during this period and for unions, at least until forthcoming statistics are announced. In a portion of the labor branches, there is no union that has attained a 10-percent majority. In other branches, no majority of 10 percent of the labor branches and 51 percent of the businesses is united within the same union.

And the worst of it is that the accurate information sought from workers and unions for the sake of solving the problems of powerful unionism and authority has also produced the opposite within this context. Most important, statistics released by the Ministry of Labor and Social Security by no means reflect the true will of workers or union elections. If great pains are taken about falsification, no greater prize could be awarded than this. Mistakes and injustices as well as practices violating statutes of the law and invalid members' being counted as valid are all-pervasive. In addition to the unions that obtained authority by counting dual memberships, outdated, falsified membership cards, and old membership lists that were drawn up in violation of the law without being posted at businesses, the unions that registered legal members and that conformed with the notarization requirement have lost the right to collective bargaining. Now, hopes rest with the Ankara labor courts, which will reach a decision within 15 days under the law. The ministry, however, is not in a position to be able to submit to the courts information related to the distribution of members by businesses. To the degree unions are able to submit sound

documents and to the degree the courts are able to reach a sound decision within 15 days on the membership declarations, the numbers of which are in the millions, by detecting sensitive spots and fraud, to that degree a sound conclusion will be reached.

And, later, to the degree the determination of clearly authorized unions is reached soundly, to that degree the issue will be considered closed. By relying on these lists that do not reflect the true will of the worker, the collective-bargaining right will not be able to be used for a number of businesses and a portion of the labor branches. Will the excuse be, "What can we do? Employers and unions were late in providing the ministry with registration lists. It was physically impossible for the ministry to examine and look for falsified registrations, illegal dual registrations, and registrations that violate statutes of a number of related laws."?

You cannot say that unions that have obtained 10 percent of the workers should come forward and use the right to bargain, because, in your law, there is also a restriction stating that a worker can only be removed from a union 3 months following his resignation from that union. By prohibiting dual union membership in this same law of yours, you have removed from the hands of the workers the possibility of using their collective-bargaining right by moving over quickly into unions that have obtained authority after your statistics have been released. Since statistics will only be determined by the middle of March at the earliest, workers will only be able to change unions 3 months from that date, in the middle of June at the earliest. You will have already published new statistics at the beginning of July. With the change in the number required to obtain the 10-percent figure resulting from more accurate statistics of the number of employees in labor branches and with dual memberships being uncovered and eliminated, a number of additional unions may have lost their 10 percent. There will be the same problems in the July statistics and then in the next 6-month statistics....

Let us return to the present and ask what will happen to the status of workers in businesses whose contracts expire between January and July. Can you say that workers should continue to work without a contract, for the old wages? You cannot say, "We are making extensions." Again, under your law, it is necessary that there be a sample contract reached in a labor branch in order to make extensions. The means to solve dilemmas other than through change in the law are not seen on the horizon. Everyone is agreed on this, and there are many different means and views on how to do this. In our opinion, the only way, no matter how necessary the amendment was when it came on the agenda, is to get rid, now, of that which created the dilemma, of the restrictions on the right to bargain and to unionize. What is necessary when revising the law is the elimination of statutes that conflict with the ILO principles signed by Mustafa Kemal. For example, the first would be the removal of the 10-percent labor branch requirement. This would, by no means, result in reopening the door to the multiplication of unions. The number of unions in our country fell in a stroke from more than 800 to below 100, in any case, through the ban on organizing businesses and federations and uniting the check-off system to collective bargaining and through a series of restrictions and bans on union formation and membership.

The right to collective bargaining's being, in this way, bound to the question of authorization is significant in that we have, willingly or not, left out the current topic of debate, the discussion in the Supreme Juridical Council on the amount of wage increase. What a pity that, within the chaos of the debate on this figure, the collective-bargaining right and autonomy have been removed from the agenda. Yet, there are statutes that render it imperative to make prompt legal changes in Law No 2822 on the right to bargain collectively and to strike.

11673

CSO: 3554/163

BARLAS PRAISE, ENCOURAGEMENT FOR SOCIAL DEMOCRATS

Istanbul MILLIYET in Turkish 12 Mar 84 p 1

[Article by Mehmet Barlas in The Column "Today": "Social Democracy"]

[Text] Specifically, the capacity for the social democratic group to generate alternative economic policies will prevent Turkish political life from finding itself in another tight spot. We believe the Turkish Social Democrats can do this and free politics from being a blind struggle motivated by hatred and loathing... The asset of the Turkish Democratic Left which will enable it to achieve this is its love for humanity and its belief in democracy.

The whole point is to accept that Social Democracy is not dogmatic but rational and realistic. The whole point is to realize that Social Democracy can achieve its aims only through political democracy, tolerance and coming to terms...

The behavior of Social Democrats should not be determined by anger arising from deviations or by a rigidity stemming from teachings and a book which is viewed as holy... Social Democracy is not a form of pressure, it has to be solution, an alternative. Social Democratic parties can become candidates to power not as the result of political sectarianism but by following group policies.

From that standpoint, Turkish Social Democrats can get nowhere by resisting "en bloc" all the measures of the Ozal government. For instance measures like the pardons for shacks built over-night, pardons to students, free travel abroad, opening up bridges and dams to the public, are steps which the Social Democrats might have taken. And putting on the agenda some changes in those measures to make them beneficial to the people would be a productive social democratic endeavor. Whereas rejecting everything indiscriminately is a barren policy.

A "Free Market Economy" may be objectionable from a rigid, doctrinaire leftist standpoint. Since according to Marxist teachings production, distribution and exchange are tied to the issue of capital like the links of a chain.

But there is, for example, a "Market Socialism" which Yugoslavia for instance has implemented and which even the Polish Marxist Lange accepts... In that system, the means of production are part of the collective capital through cooperatives. But production and prices are determined by the mechanism of supply and demand in the marketplace.

As for the German Social Democrats, beginning in 1959, they established a model based on the middle classes and consumption patterns.

Briefly , a steady social democratic policy means the capacity to achieve an objective balance between priorities and national realities and party politics and such issues as production, fund generating, investing, foreign capital, social justice and social security.

When a Social Democrat criticizes the existing order by saying "I do not approve of this policy," he should also know the answer to what he would do if he were in power.

A Social Democrat should be open to the world, to the era, to all the classes in his country.

This is what we expect from the Social Democrats... If Turkish Social Democrats fail to think along the lines that are expected from them and reject the notion of tolerance, then the democratic regime will be in trouble.

12278

CSO: 3554/189

VAGUE REGULATIONS HAMPER IMPORTS FROM EAST EUROPE

Istanbul DUNYA in Turkish 12 Mar 84 pp 1,7

[Text] News Center - Problems with imports from nations of the Eastern bloc keep growing. It has been pointed out that the confusion created by the interpretation of the regulations regarding imports from those countries had negative consequences for industrialists and importers and the wish that new regulations which would shed light on the subject be issued was expressed. It has also been said that the transitional articles which were issued at the same time as the 29 December resolutions, and which allowed for the completion of the procedures for imports from countries whose foreign trade has been nationalized, have not been implemented.

While permission to retrieve the merchandise from customs until 28 February was given, it has been said that halting its removal within 2 hours had led to the confusion. Members of the firms involved say that when they went to the customs on 28 February, they were told at first that all the formalities had been completed and then, as the goods were being loaded on trucks, they were shown a writ from the Ministry, dated 24 February, and were told that procedures had been stopped. As for the Ministry writ, it stated that importers who had initiated procedures before 29 December should be allowed to retrieve their merchandise up to 25 January. But the members of those firms pointed out that the regulation had come into force 1 month after the resolution and their claim is that relevant restrictions cannot be applied to the use of a tacitly acquired right.

The transitional articles of the new imports regulations published on 29 December which were meant to enable firms to complete procedures initiated before 29 December for imports from countries whose foreign trade has been nationalized, will not be implemented.

Director General of the Ersan Cooling and Insulation Industry and Trade Corporation, Erhan Bilecik, emphasized that all the formalities had been completed on their merchandise, which had arrived from Hungary at the end of February, and he said: "We had completed all the procedures on all the merchandise we import from Hungary before 29 December and we had sent a letter of credit." Bilecik said that the 37 tons of "expandable polystyrene" which they used for cooling and which they imported under the industrialists' quota, were being held in the Halkali customs and he explained what happened as follows:

"We sent a petition to the Ministry, regarding the import of the raw materials we need in our enterprise before 29 December and import procedures were initiated. But when all the formalities had been completed by the end of February and we reached the stage of withdrawing the merchandise which had come to the Halkali customs, on the pretext of a regulation that had arrived on that same day, we were told that we could not retrieve the goods, that the foreign currency we paid being in the form of an irrevocable letter of credit, that is to say in a currency that could not be paid back, there was no point either in our sending the merchandise back. And while the customs are holding our goods, they are charging storage fees to our name."

Imports and Foreign Trade Director of the Unimeks Chemical Products Trade and Industry Corporation, Ismail Kulacioglu, also said that 330 tons of their "sodium triphosphate" which had arrived from Hungary before 29 December were being held in the Halkali customs. Kulacioglu pointed out that according to the transitional articles of the import regulations, they had the right to retrieve their merchandise and he expressed the wish that new resolutions would be passed to clarify the situation.

On the other hand, against the firms' objections regarding tacit rights, the competent customs authorities point out that they are expecting a resolution from the Treasury and the Under-Secretariat of Foreign Trade on this issue and that until such a resolution is passed no procedures can take place.

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YILMAZ ON WAGES, INFLATION, STATE OF EMERGENCY LAW

Istanbul CUMHURIYET in Turkish 7 Mar 84 pp 1,6

[Article by Celal Baslangic "Turk-Is Chairman Holds His Fire"; passages enclosed in slantlines printed in boldface]

[Text] Izmir - Turk-Is Chairman, /Sevket Yilmaz/ pointed out that for 3 years vacant positions in the public sector had not been filled:/"This lemon has been squeezed so hard it no longer yields any juice. How far can we strive for greater productivity with fewer workers?"/ he said.

In the seminar organized with Turk-Is in Cesme by the Asian-American Free Labor Institute, Yilmaz speaking on the authority which the /"State of Emergency Law"/ gave governors, said:/"The law speaks of heavy economic upheaval. How many kilos should an upheaval weigh? This law gives governors a great deal of authority. As it is, strikes were put off with mere promises. It is necessary to follow very closely the authority that has been granted to governors."/

When Sevket Yilmaz answered CUMHURIYET questions, it also became evident that he was determined to remain /"silent"/ until the local elections. To our questions on /"wage hikes and the YHK [Supreme Arbitration Council]"/ Yilmaz replied:/"Take it easy. Let inflation results emerge once again with regard to the situation at the end of the quarter. To speak at this stage would do no good to our workers. After the local elections, no matter in how tight a spot we find ourselves, we will express our views on this economic model."/

The points Yilmaz stressed when answering our questions were the following:

/.We are of the opinion that since our request for a 43% [wage hike] was rejected, the workers' kitchen will lose both in calories and in quantities. Inflation at the end of January was close to 5.2%. I believe that the YHK will reevaluate its initial ruling according to the level of inflation at the end of March./

.If agreements are made now, under present conditions, this will cause great difficulties. Yet in the past week up to 3,000 agreements were made with the YHK 25% increase.

/.The 15 day period concerning the issue of qualification for collective bargaining is not over yet. As soon as it expires we will convene./

.It would be wrong to put forward a figure for the minimum wage. Research may

be completed by the end of this week. But I do not want to quote a definite figure. When going for Rice to Damietta let us not lose the bulghur we have at home. [Equivalent of "A ~~bush~~ in hand is worth two in the bush."]

/.Overlooking party considerations, we will get together with ministers who have trade union antecedents to do some work./

/.The gross value of a 43% hike is 60%. What we were asking for was 43% including taxes.Banks will sell this for 80%. How much will those who buy it make?/

.Since both the market and trade unions will be freed: what will happen if tomorrow there is not enough currency to import materials of vital importance to factories? We object to the importing of any kind of consumer goods that would not be missed if they were not brought into our country.

.(On the subject of the workers getting bridge-dam shares)/At this point the kitchen is our concern. I do not believe that by getting that kind of money big savings can be achieved outside the kitchen./

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GUNGOR GIVES STATISTICAL ANALYSIS OF RECENT INVESTMENT

Istanbul DUNYA in Turkish 7 Mar 84 p 2

[Article by Tefvik Gungor in The Column "Current Events": "Investments"]

[Text] It is not possible to obtain sound information about how investments are doing. Yet the way in which investments progress is the most important indicator when economic policies are shaped and plans for the future are made. In the period before 1980 the State Planning Organization used to publish quarterly information regarding the development of investments but for an unknown reason this procedure has been discontinued. The incentives which are granted have now become the main useful source of information for keeping track of the progress of investments. But one must bear in mind that incentives are geared to projects which represent the "investor's aims." Those incentives do not fully materialize or if they do figures may not be the same as those on incentive documents.

The ANKA agency published figures that showed the evolution of investments according to the incentives granted during the 4-year period between 1980 and 1983. The ANKA agency figures show that 6,337 investment projects were granted incentives in the years between 1980 and 1983. The distribution of those incentives by sectors and zones more or less indicates investment trends in Turkey. Judging from that information, investments in the production sector, which were rising before 1980, shifted in the direction of the transportation sector after 1980. As is known, the expenditures for sea and land freight carriers constituted an important share of the investments in the sector of transportation. It can be seen that, together with the measures to facilitate the purchase of ships, the lure of freight transportation and the increased demand for land transportation as the result of more exports, leads to sizable expenses for the purchase of heavy land carriers.

Whereas the production sector, which had a 78% share of total investments between 1976 and 1979, has regressed to 49% while the share of the transportation sector has risen from 4% to 40%.

Another development worth noting is the slackening interest in making energy investments. Energy investments which had a 13% share of the total investments during the 4-year period preceding 1980, fell to 2% in the succeeding 4-year period after 1980. For the last 4-year period the share of completed new investments is 80%, that of expansion investments 19%.

It should also be noted that the share of agricultural investments is steadily decreasing in relation to total investments. While the share of agricultural investments with regard to total investments was 13.3% in 1980, it fell to 4.4% in 1981, to 4.7% in 1982 and to 4% in 1983. It is also inferred that the ratio of export oriented investments is none too high in proportion to the total investments. Export oriented investments, which represented 1.1% of the total investments, rose to 2.6% in 1982 and to 4% in 1983.

With regard to distribution according to zones, it becomes apparent that investments in the Marmara zone are intensified. Among the investments which benefited from incentives: 38% in 1980, 51% in 1981, 57% in 1982 and 52% in 1983 elected the Marmara zone. Whereas the share of the investments projected for Inner Anatolia fluctuates between 10% and 16% from year to year.

As we mentioned above, the incentives which are granted to investments cannot reflect the real progress made by the investments. They can only give a general idea of investment trends. What are the investment trends in Turkey? Are new investments being contemplated? To make projections in order to maintain macro volumes and economic balances by sitting at a table in Ankara, without following those indices realistically, and to publish those projections as figures for investments could mislead those who shape economic policies.

Local Chambers of Commerce and Industry are largely responsible for this state of affairs. If Chambers of Commerce and Industry would keep track, according to their capabilities, of investment trends in their own area, the Chambers Association could then make general forecasts on a national scale and a great deal of benefit could be derived from this work.

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OZDAGLAR ON CONTINUED CONTRACTOR PROBLEMS IN LIBYA

Istanbul DUNYA in Turkish 7 Mar 84 pp 1,7

]Interview of Ismail Ozdaglar, Minister of State, by Gulcin Telci and Handan Gorgunay; date and place not specified]

[Text] Minister of State, Ismail Ozdaglar, who is in Istanbul in order to attend the Islamic League's Technology and Development Foundation Executive Committee meeting, within the framework of the Islamic Conference, commented on the problems with Libya and on the prospects of the Libyan market during the interview he gave DUNYA. Ozdaglar pointed out that Libya was beset by a number of difficulties at present and said: "We must accept the fact that they are having problems. This year also our contractors will be faced with difficulties in that country. Our exports will not fall but they will be under some pressure." He also said that in the days ahead the situation of the 120 Turkish contractors who are doing business in Libya will be examined individually.

Ozdaglar answered as follows our questions on this subject:

DUNYA - Lately some problems have emerged in our business relations with Libya and you made a trip to Libya. What caused the problems? What does Libya want from us?

Ozdaglar - The picture is the following: Libya's revenues from oil have decreased by 69%. Together with OPEC's quota system, at this point Libya has decreased its oil production from 2.2 million tons to 1.1 million tons daily. Anyway Libya does not have all that many oil reserves. Furthermore, oil prices are dropping. So, production fell by half and prices dropped. When production drops direct charges remain unchanged. Consequently the cost of direct charges also increases.

Let me put it this way, Libya is standing pat. Libya has not laid any demands on us. It has cut down the purchases it makes from us. It does not give contractors their money. We are the ones who have a problem. It does not want anything from us. Therefore we are raising the issue, attempting to deal with it. We went and pulled the problems out of the freezer, put them on the agenda and we are trying to solve them. We took up first the question of the contractors. But there is a fact we ascertained: should we find ourselves in any sort of trouble regarding contracting matters, Libya is determined to show goodwill. Libya is the one to be in trouble but the ball is also in its court. There are legal procedures involved: it makes no difference whether payments were delayed, if the work is not completed on time guarantees are burnt, machinery and equipment are seized.

DUNYA - Well, did you notice such a tendency?

Ozdaglar - Quite the contrary. They say: "We are in a tight spot, we helped you in '78-'79. Here are the figures, this is our situation. Let us make it through this year." Indeed, I do believe that their revenue has fallen to \$11 billion. But I also believe that it will go up to \$15 or \$16 billion. I am convinced that within a year they will have overcome their difficulties.

Our Contractors Are at Fault

DUNYA - The fact that some Turkish contracting firms did not finish the work on time played some part in creating the problem...

Ozdaglar - There is also that angle, but one can speak both of their delaying the payments and of our own people partially exploiting the situation. Thus, when it came to paying the workers' salaries our people claimed: "Libya does not pay me, I cannot pay them." If delayed payments are half of the real reason for their inability to pay the other half is the foregoing. And this, of course, led to all kinds of trouble. Passive resistance, strikes, incidents on the building site. But this must not be blown out of proportion.

DUNYA - It has been said that Libya has asked for the same kind of credit on import agreements that we gave Iraq. What was your approach on this issue?

We Opened a 50 Million Credit

Ozdaglar - Yes they did make such a request. On our last trip we gave them a 6-month \$50 million credit. That is to say, they will buy merchandise from us and pay for it in 6 months. What they are asking now is to have this changed into 1 year. We will think about it in due course, if we solve the actual problems.

DUNYA - Meaning that this measure was implemented as a short term solution and it is believed that meanwhile relations will improve.

Ozdaglar - That is another very important question. The contractors got the job. The banks issued letters of guarantee. The Central Bank gave guarantees. And so what happened? Our contractors work in Libya. Who got how many jobs, how much did they get, how much compensation? And then how much of it was transferred to Switzerland, how much was brought here? What is the situation, can the job be completed? Is it almost finished? Will they go bankrupt?

DUNYA - So banks too have a problem in this respect?

Ozdaglar - Yes, they did not act knowledgeably in this case.

DUNYA - It is said that there are 120 Turkish contractors doing work at present in Libya. What solution will you offer? What kind of control will be made on those firms?

The Contractors' Situation Will be Investigated

We called a meeting in Ankara on this subject, ranging from: "There are Turkish contractors in Libya but we do not know what they are doing," to: "We have

contractors in Libya, this and that goes on at such and such a site, the situation at that site is the following..." We set up a commission and a working group, within the framework of the protocol we signed last week with the Central Bank, the Treasury and the Under-Secretariat of Foreign Trade, banks and the Ministries of Public Works and Housing. Next week the working group is going to Libya. It will remain there. We also gave instructions to the banks: all of you must immediately contribute qualified personnel who will tour the building sites and determine the situation. The working group will return from time to time to Turkey to report to us.

DUNYA - Does the "enterprise saving operation" have its place in this program, in relation to the Turkish contracting firms and to improving their situation?

Ozdoglar - Definitely not. The Libyans have no intention of letting our firms go bankrupt.

DUNYA - It is known that 45 contracting firms are not doing well.

Ozdoglar - Let us say that Libya is inclined to show goodwill in dealing with this question. It tries to get the work done. Not to cause prejudice to those people. It is disposed to prolong delays, facilitate things and allow the job to be completed. In spite of this there will be some that cannot be helped in this way. The commission will determine them. They will be required to withdraw of their own free will. Other firms will undertake to complete their work. What the Libyans also want is to solve the issue before it festers, and promote a huge, intensive traffick. I was there. And a Libyan minister, Durda, is coming here in 15 to 20 days. A month later our esteemed Premier will be going to Libya. And next week we are sending our working group to Libya. Then, in mid-April the commission we set up in relation to the contractors will begin its work there and convene for its first meeting. This is a high level committee under my own chairmanship.

DUNYA - Beside contracting services to Libya, we also export goods. What steps did you take about the problems in that field?

Ozdoglar - Within that framework, we implemented the \$50 million measure. At this stage we should at least not regress. As you know Libya was among those at the top of our lists, as a nation to which we made \$400 million worth of exports. This fell to \$200 million in 1983. We have at least to maintain this in order to be able to increase it. But we must be objective and face the fact that they are in trouble. It is necessary to be realistic and accept that if they have difficulties, those difficulties will have an impact on everything else. For this year our contractors will continue to be in a tight spot. Our exports will not decrease but they will be under some pressure.

DUNAY - Another question. It has been pointed out that Libya is also paying an interest rate to Yugoslavia on its delayed payments. Would it not have been possible to obtain a similar measure for Turkey also?

Ozdoglar - Such a measure was part of the agreement made with Yugoslavia. The only thing our people were interested in was getting the job. However, some of

our firms also do a serious job. We are still the biggest in the contracting sector in Libya. We cannot blame all Turkish contractors because some mistakes were made. There is no doubt there were firms that made sound agreements and did good work. But as is the case in every rush, like that of the brokers' issue, mistakes are inevitable. Coordination and control mistakes were made. But let me repeat this, I did not see any signs of a negative attitude in Libya.

DUNYA - Fine, but could it be that each side's political stance affected the issue?

Ozdoglar - We explained the situation to them: you are aware of our many sided relations, of world conditions and of the way we think. In my last trip to Libya I was shown a great deal of interest and support.

DUNYA - You also made a proposal in relation to the purchase of oil from Libya...

Ozdoglar - On the issue of oil, we suggested that the money they give us could be used by us to pay the contractors out of the oil account. Their response was: "Regardless of how much oil you buy, it would not cover dues to contractors, it would not meet the amounts. We have to sell you the oil and make the payments." The interesting point is that we cannot purchase from them more than 3 million tons of oil. Because our refining capacity is inadequate. We could buy more but it would not be profitable. Their kind of oil has its characteristics, it is paraffin oil. In any case, the imports they will make from us cover the cost of 1 1.5 million tons. And the remaining 1.5 million tons cannot meet their payments. That is to say, we would have to buy at least 4 to 5 million tons of oil in order to cover both what Libya owes for trade and in the contracting sector. This is not feasible. Consequently we are still pushing them.

DUNYA - Will you also resort to a new organization for Middle East countries such as Iraq and Saudi Arabia, where Turkish contracting firms obtained work after Libya?

Ozdoglar - We will take up issues one by one. At this point, our greatest difficulties which have repercussions on the public sector are with Libya. That is why we will settle matters there first. Besides, we have no problems in Saudi Arabia, it is a new market.

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ANALYSIS OF POWER PRODUCTION, PRODUCER COMPANIES

Madrid LUZ Y FUERZA in Spanish Nov-Dec 83 pp 3-15

[Text] Things have not gone well for the electricity sector in 1983, specifically for the companies in it, because the weather throughout the year has not exactly been favorable. We can say in general that the fuel-oil-fired plants have again been heavily utilized, which is not good for the national economy or, of course, for the economy of the electric power companies because it makes electric power production more expensive. Moreover, the considerable investments that the sector companies have been making in the construction of nuclear power plants have been unable to sufficiently lighten the heavy burden that petroleum still represents today in the generation of electricity.

Nevertheless, although the unfavorable weather that caused reservoirs to drop to unexpectedly low levels seriously hurt the sector's economy, it was not, of course, the main reason for the concern weighing down most of the major electric power companies today. The financial crisis facing them is so severe that it could ruin the best structured sector in the entire Spanish industrial economy. We are talking about the anguishing uncertainty hanging over these major companies, which are engaged today in a noteworthy effort to build nuclear power plants without knowing for sure whether these plants will eventually generate power, although it seems as if they will not.

The electric power sector acknowledged the efforts needed to carry out the 1978-1987 National Energy Plan (PEN) and resumed the nuclear power plant approach that the PEN called for, in keeping with the policy adopted by countries with economic models as different as the United States, Great Britain, the Soviet Union, Germany, France, Japan, Switzerland, India, etc. Through the efforts and studies of modern and highly deserving power companies such as ID, HE, UE, CSE, ENHER [Ribagorza National Hydroelectric Enterprise], FECSA [Electric Power of Catalonia, Inc], etc, Spain saw three nuclear power plants go on line long before the nation's government ordered the drafting of the National Energy Plan. With the backing of the Nuclear Energy Board and with the resources to which they themselves had access because of their reputation and authority in the field, these companies made a firm choice for the nuclear approach and began training their own personnel and establishing their own studies centers back in the 1950's before undertaking the huge task of building nuclear plants.

This was what happened before the PEN. Three nuclear power plants have been in operation since 1968 and 1972, functioning smoothly and yielding fine results. Zorita, Almaraz and Santa Maria de Garona illustrate the determination of the power companies to make sure that the demand for electricity was met, because they realized, and quite rightly, that nuclear power was the only valid alternative for bridging the gap between domestic demand and electricity output from hydroelectric and coal-fired plants during the final 20 years of the century. There was no reason to expect that the new sources of energy being researched and developed today, such as solar, wind, tide and fusion power, would be fully developed before the end of the 20th century.

Time has shown that these forecasts were well-founded, because although solar power, the most developed alternative source, is beginning to be used in small-scale applications such as home heating and water heating, it can take the place of traditional energy sources to only a tiny degree. In contrast, the output of nuclear power throughout the world averages 75 billion kilowatt-hours a month, totaling almost 600 billion kilowatt-hours during the first half of 1983. Spain produced 994 million kilowatt-hours in August and 6.172 billion kwh during the first half of this year. Almaraz put out 464 million kwh in August, Vandellos I 276 million and San Maria de Garona 254 million. Zorita was undergoing inspection.

The PEN study confirmed the electric power sector's forecasts and predicted that based on the actual domestic demand for electricity of 77.85 billion kwh in 1977, demand would rise to 101.46 billion in 1982 and 136.915 billion in 1987. Estimates of energy production to meet this demand were: hydroelectric, 40.4 billion kwh in 1977, 37.25 billion in 1982 and 42.3 billion in 1987; nuclear, 6.526 billion kwh in 1977, 33.14 billion in 1982 and 60.87 billion in 1987; conventional coal-fired plants, 30.855 billion in 1982 and 41.245 billion in 1987; fuel-oil-fired, 18.825 billion in 1982 and 17.28 billion in 1987.

The forecast was that hydroelectric power would post a slight rise only, due to the mounting cost of these almost marginal plants. If the planned increase in capacity is greater than the rise in energy output, as detailed in the comparative chart on electric power generation drawn up by the plan's drafters, this is because part of the capacity will be used for pumping facilities and the overequipping of machines for the regulation of output. According to the PEN forecasts, coal's contribution was to increase sharply, eventually meeting one-fourth of total needs. The source that ought to expand the fastest is nuclear power, "as is to be expected," the plan clarifies, accounting for 37.7 percent of total output in 1987, in other words, 14.8 percent of total firm power. Concurrently, and there is no need to cite reasons because they are obvious, electric power production from fuel oil is supposed to drop sharply from 30 percent in 1977 to just 11 percent of total power needs by 1987.

After these forecasts, the authors of the PEN voice the following qualification: "A 10-year projection of energy demand, in which countless complex factors come into play, is obviously subject in practice to potentially major deviations. Consequently, there is an unavoidable technical requirement to review objectives and the means for achieving them. The plan is to do this every 2 years, or sooner if circumstances change significantly." They go on to say: "For the 2-year periods of this plan, the timetables for the construction of facilities and other activities do not entail risky decisions that would be difficult to reverse."

The Actual Situation

We should remember these points in looking back at the sector's decision to go ahead with nuclear power. If we are to judge by the regular increase in installed capacity to meet market demand, we would agree that there must always be excess output capacity, which derives from installed capacity. Now then, to tailor optimum capacity to maximum needs, power plants must be built ahead of time. It is unwise to fall short of meeting electric power demands, whether because of mistaken economy measures, miserliness or indecision about accepting the inevitable economic risk of making output capacity always greater than maximum foreseeable demand. Moreover, power plants cannot be improvised. They need to be planned years before they are built, and it takes 4 or 5 years to build a hydroelectric or thermal power plant and at least 8 to 10 years to put up a nuclear plant.

In considering these lead times, we must remember that it is impossible to store enough electricity to guarantee supplies, because demand and output are simultaneous. In other words, the useful installed capacity of a power plant must be able to meet demand. Irrespective of changes in the weather (demand rises in the winter, and hydroelectric generation becomes more difficult in the summer), the electric power sector must have enough reserve capacity to meet peak demand.

If we bear this point in mind, we will not make unfounded judgments about the electric power industry, because it would be easy to conclude that if the power companies did not have to constantly invest, they would be engaged in a lucrative business indeed because they could meet annually rising demand with the same plants during their more or less 20-year life expectancy. However, constantly rising demand forces the companies to invest all the time in new plants.

In this regard, the evolution of the demand for electricity during the recent years of economic crisis provides facile and mistaken arguments for the detractors of the moment and even for well-meaning people who have not fully grasped the complex economic situation of the electric power sector. Whether because of philosophical stands that are far removed from everyday economics, or a dogmatic eagerness to intervene in and subjugate the private sector, or simple, sullen

resentment, which specific circles harbor against the banks for example, the electric power industry seems doomed to suffer the incomprehension of the authorities, who have always been reluctant to allow it to charge realistic rates to cover its actual costs. Even after the recent rate adjustments, the atmosphere is still fraught with warnings, as in the case of the nuclear power plants under construction, which are threatened with cardiac arrest.

The demand for electric power in recent years has remained almost unchanged. A leading company such as Hidroelectrica Espanola (HE), for example, has seen the increase in demand in its market, a good market, drop from more than 6.4 percent in 1977 and 1978 to just 0.1 percent in 1981 and 1982, according to the INE. This unfavorable trend in HE's market, central and eastern Spain (i.e., Madrid and Valencia), an industrial and residential market, runs parallel with the Spain's industrial depression, of which electricity consumption is a major indicator. One of the causes of the slowdown in electricity demand in HE's market over the past 5 years was the trend in supplies to industry, not including irrigation and railways. The following swings occurred over the 5 years in question: 1977-78, up 2.1 percent; 1978-79, up 2.5 percent; 1979-80, up 0.3 percent; 1980-81, down 0.7 percent, and 1981-82, down 1.6 percent.

This means that industrial consumption has had an adverse impact on the HE market, which, in turn, is a reflection of Spain's industrial performance. Industry's share in the GDP (gross domestic product) over the past 5 years evolved as follows (in constant pesetas): 1977-78, up 0.9 percent; 1978-79, down 0.7 percent; 1979-80, no change; 1980-81, up 0.6 percent, and 1981-82, down 0.1 percent.

Fortunately, the residential demand for electricity has continued to rise, except in 1981-82, when it fell due to a mild winter. Electricity has been accepted as an inexpensive and useful energy source, and the residential demand for electric power posted rises of 9.4, 10.7, 7 and 3.7 percent from 1977 to 1981.

This overview of actual electric power demand would not be complete if we failed to mention the following decisive development: the upswing in electricity use as of 1983. This is a very important point, because it undermines the more or less self-interested justifications of the "nuclear shutdown" in the wake of the supposed decline in electricity demand. What those people offering these justifications also forget is that Spain's economy would shrink further if just as the world was emerging from its economic crisis, Spain contracted its electric power supplies by closing down its nuclear power plants. Regarding actual demand for electricity in Spain, let us take a look at HE, which we have chosen as a model because of its sizable output capacity and market.

The energy that HE billed in kilowatt-hours during the first third of this year (according to the HE president's address to the General Board in May 1983) was up 9.4 percent from the same period in 1982, when consumption was down 5 percent from the first third of 1981. In addition, industrial consumption was up 1.6 percent during the first third of 1983, whereas it was down 0.1 percent in the first third of 1982. Residential power consumption was up 17.5 percent for HE during the first few months of 1983, compared to a drop of 14.9 percent during the first 4 months of 1982, and consumption by services rose 16 percent, compared to just 1.4 percent during the same months of 1982.

In addition to the privileged vantage point of HE, which undertook, alone or in joint ventures, the construction of five nuclear power plants (two of which are generating power normally in Almaraz; another will be going on line in early 1984 in Cofrentes, and the other two are at advanced stages of construction at Valdebacalleros), we can look at total domestic generation and consumption of electric power. The outlook here is very promising, as a favorable shift is expected in energy demand. As of late November of this year (the most recent month for which we have information as this report went to print), electric power consumption was up 4.42 percent peninsula-wide. The significance of this rise, in contrast to the downward trend in the 4 previous years, is that it is not the result of an industrial recovery that would boost demand, inasmuch as such a recovery is not foreseen in the short run. This reveals what a phenomenal mistake it would be to cut our electric power generating capacity from nuclear plants at a time when Spanish industry is on the mend. The argument is compelling. Electricity consumption rose by 4.42 percent from 1 January to 27 November 1983, according to UNESA statistics. Could we call ourselves sensible and prudent if at this promising juncture of rising demand we shut down five nuclear plants that are well under way and for which, moreover, construction permits have been opportunely published in the Official State Gazette? Common sense provides the answer.

We should keep in mind that most of the rise in consumption in 1983 has come from residential, household consumption, which has to do with the people's living standards, and from services consumption, which is related to Spanish society as a whole, plus tourism. It was these two sectors that were responsible for the higher consumption in 1983, which heralds further increases in 1984 if the winter is not as mild as in 1983. Let us not forget, however, that although residences accounted for 27.3 percent of electricity use and services 21.2 percent (of HE's power output, that is), they did not account for even half of total electric power use in 1982. Industrial use in the central-east zone alone, which HE serves, though not exclusively, accounted for 52.5 percent of total HE power supplies. We feel that these statistics are of great importance in considering whether to shut down five nuclear power plants half of the total investment in which has already been made.

We can look at the problem from another angle, however, the source of electric power. We must remember that hydroelectric output dropped sharply in 1982, which was a dry year, and fell further in 1983 because of the worsening drought. What will happen in Spain if the drought that has plagued us for the past 3 years lasts another 2? Thanks to the fuel-oil-powered plants built more than 10 years ago and to the recently completed contingency units, domestic energy demand has been met. Costs have been much higher, though, because the coal-fired plants and especially the fuel-oil-fired plants have had to push production to avoid power cutbacks. We should not forget, moreover, that thermoelectric production is considerably more expensive, especially in the case of fuel oil, a petroleum derivative.

Thanks to the output from mainly the Almaraz nuclear plant as well as from ASCO I and the immediate backup that Asco II and Cofrentes will provide soon, power companies were able to cover the increased consumption in 1983 and will be able to do so in 1984 also. It is in light of this that we should seriously weigh the decision to shut down five nuclear power plants that are well under construction.

The Companies in UNESA

With the merger of Electric Union and FENOSA [Electric Power of the Northwest, Inc] in 1983, UNESA now comprises 22 companies and accounts for 97 percent of Spain's electric power output. Government-run as well as private companies are part of UNESA, which can now be described as the leading authority in the field of electric power because of its dedication, experience and influence on the Spanish economy. UNESA is a member of all the major European electricity associations, and its experts attend international energy meetings.

In meeting Spain's demand for electricity, the companies that make up UNESA operate as if there were a single firm producing, transporting and distributing electric power in Spain. UNESA is thus the number one defender of the energy reserves that can be transformed into electricity, and thanks to sector coordination, the Spanish economy has been able to make it through extremely hard times. The persistent drought that has dotted the map of Spain with red alert zones recently has in no instance led to supply cutbacks, thanks to the foresight and sense of responsibility of the industry in planning and building plants.

All of the companies in UNESA, which have widely varying economic, financing and generating capacities and which serve very different markets, have voluntarily chosen to subject themselves to a higher discipline. Under a democratic system of participation based on their industrial representation, the UNESA companies are a team, headed up to now by Iberduero, although FECSA now holds the presidency, which is a rotating, elective office.

Let us take a brief look at the history and activities of the most important companies in UNESA.

Iberduero

Iberduero was founded in 1944, as a result of the merger of Hidro-electrica Iberica, which was established in 1901, and Saltos de Duero, which was founded in 1928, both of whose payrolls were expanding. Iberduero continued to expand by taking over other small companies and, in 1963, acquired Saltos del Sil, which had major hydroelectric capacity in northwest Spain along the river after which the firm had been named. Iberduero's most impressive undertaking, however, was the comprehensive development of the Duero River, which Saltos de Duero had begun under an administrative concession and under the 1928 agreement between Spain and Portugal for the management of waterfalls along the international course of the Duero. In this basin Iberduero developed the hydroelectric resources of the Esla, Duero (both the stretch in Spain and the section constituting the border), Upper and Lower Tormes and Huebra rivers, all of which offered fine hydroelectric potential. It also built hydroelectric plants on the Upper Ebro and Cinca rivers. It also has a good thermoelectric network, with the Burcena plant in Bilbao, Pasajes de San Juan, the 936,228-kilowatt fuel-oil-fired plant in Santurce, and the 148,000-kilowatt low-grade coal Gardo I plant and the 350,000-kilowatt Gardo II plant that is under construction and will go on line in 1985.

Iberduero has also demonstrated its foresighted management by accepting nuclear power and founding the Nuclenor company in an equal partnership with Electra de Viesgo. This joint venture built the 460,000-kilowatt nuclear power plant at Santa Maria de Garona in Burgos. Later, it completed work on the 930,000-kilowatt Lemoniz I plant and almost finished the Lemoniz II plant (also 930,000 kilowatts); unfortunately, however, and for reasons totally unrelated to Iberduero, which deserves better, neither plant has been able to start up yet.

Iberduero had capital stock of 121.494 billion pesetas in 1982 and generated 15.018 billion kilowatt-hours last year, up 5.6 percent from 1981, with invoiced consumption of 19.065 billion kilowatt-hours.

Hidroelectrica Espanola

UNESA's number two company, in terms of its economic and industrial importance, is Hidroelectrica Espanola, which was founded in 1907 and in 1908 built the Salto de Molinar on the Jucar River to supply electric power to the Madrid and Valencia markets mainly. This first hydroelectric plant was taken out of service in 1952; it had a generating capacity of 70 million kilowatt-hours, which was considerable because the Madrid market required 25 million kilowatt-hours at the time. After constructing the plants on the Jucar and Cabriel rivers in the east, Hidroelectrica undertook a comprehensive harnessing of

the Tajo River along its middle or lower stretch, where it has built five large plants: Azutan, 180,000 kilowatts; Valdecanas, 225,000; Torrejon, 129,160; Jose Maria de Oriol, 915,000, and Cedillo, the last plant on the Tajo on the Portuguese border, 440,000 kilowatts.

Hidroelectrica Espanola's perseverance is also noteworthy, as this year it inaugurated the 930,000-kilowatt Almaraz II plant, after connecting the Almaraz I plant (the same output) to the grid in 1982. It built Almaraz I and II as an equal partner with Union Electrica-FENOSA and Sevillana de Electricidad. But Hidroelectrica Espanola is also building the 930,000-kilowatt Valdecaballeros and Valdecaballeros II plants in conjunction with Sevillana de Electricidad and has completed on its own the 975,000-kilowatt Cofrentes nuclear power plant, which will go on line in early 1984.

HE has recently inaugurated the Gabriel and Galan y Guijo power plants. These two plants, which are both outfitted with reversible turbine pumps, boost HE's pumping capacity to 340,000 kilowatts. HE is currently involved in building the Cortes-La Muela hydroelectric plant, which will have a total installed capacity of 510,000 kilowatts.

HE built the Escombreras thermal plants and, along with UEF, the Aceca plant near Madrid. It has also had a major group of coal-fired plants since the Electrica de Langreo company joined forces with it and brought in the Lada thermal power plants and since it has been a one-third partner in the Soto de Ribera plant, where a 350,000-kilowatt third group is being built, all in Asturias.

Hidroelectrica Espanola has capital stock of 149.565 billion pesetas, generated 16.007 billion kilowatt-hours in 1982 and had 3,519,000 customers last year.

Union Electrica-FENOSA

Founded as Union Electrica Madrilenia in 1912, which was changed in 1970, and finally under its current name of Union Electrica-FENOSA, S.A. after it absorbed FENOSA in 1982, this company had a capital stock of 87.012 billion pesetas as of 31 December 1982, with 2,421,722 customers, up 2.3 percent from the previous year. Given last year's low hydroelectric potential, the output from this source totaled just 4.1463 billion kilowatt-hours, which represents 30.3 percent of the company's generation, although this is a 17 percent increase over 1981 output. To offset this, the coal-fired plants put out 5,549.2 gigawatt-hours, a 1-year record. The Aceca and Sabon fuel-oil-fired plants (the former shared equally with HE) generated 2,239.8 gigawatt-hours, down 15.5 percent from 1981. As far as Union Electrica-FENOSA's nuclear plants are concerned, the Jose Cabrera plant was hooked up to the grid for 6,891 hours, generating 911.2 gigawatt-hours in 1982, with a total output of 14,228.4 gigawatt-hours since it went on line. The company's total output on its own was 13.6811 billion kilowatt-hours in 1982, compared to 13.3851 in 1981, up

2.2 percent. The following is an itemization by source of Union Electrica-FENOSA's electric power generation: hydroelectric, 30.5 percent; fuel-oil thermal, 16.4 percent; coal thermal, 40.5 percent, and nuclear, 12.8 percent, with the backup provided by the startup of the Almaraz nuclear plant that it shares with Espanola and Sevillana. UEF is building the Trillo I nuclear plant, which is at an advanced stage of construction, with the National Electric Power Enterprise, Inc (ENDESA) as a 20-percent partner, and has one-third of Almaraz II, which went on stream in 1983.

Sevillana de Electricidad

Sevillana de Electricidad, which was founded in 1894, expanded rapidly as of 1931, when it absorbed the Mengemor Corporation. Sevillana supplies electric power to one-fifth of the country, covering the eight Andalusian provinces and much of Badajoz, an area of 99,135 square kilometers.

It generated 10,387 gigawatt-hours in 1982, a decline from 1981 because of the reduced flow in Andalusia's rivers last year, and it supplied 11,387 gigawatt-hours, up 1.7 percent from 1981. It provides electric power to 2,566,000 customers and has 6,311 employees. Sevillana has a fine group of hydroelectric plants, with large facilities such as the 450-megawatt Tajode la Encantada, 262-megawatt Guilena, and 90-megawatt Iznajar, which for the 3rd year in a row in 1982 were very hard hit by the severe drought. Sevillana's hydroelectric output was very low, 632 gigawatt-hours, 60 percent of a normal year's output. Sevillana's thermoelectric capacity is sizable, as it has acquired the Cadiz, Malaga and Almeria thermal plants, each of which puts out more than 100 megawatts, and has the recently built Cristobal Colon (378 megawatts), Puertollano (220 megawatts) and Algeciras (753 megawatts) plants and is a 50-percent partner in the Puente Nuevo plants (ENECO). It is currently building the 550-megawatt Los Barrios plant in Cadiz, which is scheduled to go on stream in 1985 using imported coal. Its thermoelectric output was 9,444 gigawatt-hours, down 3.2 percent from 1981, with a 24.4 percent drop in fuel-oil consumption. Finally, Sevillana is a one-third owner of the Almaraz I and II nuclear plants and is building the Valdecaballeros I and II groups as an equal partner with HE; fuel loading there is slated for 1986.

Incidentally, since 1982 Sevillana has operated the Tarfa wind power plant, which puts out 110 kilowatts and was built with Spanish technology.

Fuerzas Electricas de Cataluna

The upswing in demand, which began in 1982, continued for FECSA in 1983, especially during the first 8 months of the year. Its customers used 7.896 billion kilowatt-hours of electricity during the first 8 months of the year, up 451 million from the same period the year

before, a rise of 6.1 percent. This encouraging increase, which other electric power companies have also recorded, though to a lesser extent, accelerated over the last few months of this year, as FECSA posted jumps of 7.2 percent in June, 9.8 percent in July and 11.8 percent in August, with further increases in subsequent months. They are due mainly to the high-tension supplies to industry, although household consumption is also up. In 1982 FECSA supplied the market with 7.150 billion kilowatt-hours of its own output, down from 1981. The downward trend continued to a slight extent over the first 9 months of 1983, as hydroelectric generation was down, coal-fired and nuclear output was up and fuel-oil power was down sharply, 36.2 percent. FECSA distributed more total power to customers, but the 6.1 percent rise in 1983 occurred over the last few months. FECSA connected the Asco I thermal plant, which it owns, to the grid in August 1983. As for Asco II, of which FECSA is a 40-percent owner (the other Catalan companies own the rest), the assembly work is 96.3 percent complete. FECSA is an 8-percent owner of the 970-megawatt Vandellós nuclear power plant, which is 36.12 percent completed. Work is proceeding normally on the Estany Gento-Sallente hydroelectric power plant, with its four batteries of 100-megawatts each, and construction is half finished.

FECSA was founded in 1951, has a capital stock of 77.269 billion pesetas and covers more or less 56 percent of the Catalan market, sharing it with Ebher, Segre and Hidroeléctrica de Cataluña and serving 2 million customers.

We have talked in this report about the five largest companies that make up UNESA, to which we should add the other two major national firms, ENHER and ENDESA, which we discussed in our report on the electric power division of INI [National Institute of Industry].

But there are four more major companies, Hidroeléctrica del Cantabrico, Electra de Viesgo, Hidroeléctrica de Cataluña and Electricas Reunidas de Zaragoza, that also merit consideration.

Hidroeléctrica del Cantabrico was founded in 1919 to build the Somiedo hydroelectric plant, covers a service area of 1,600 square kilometers and has 269,630 customers.

In 1982 it generated 3.692 billion kilowatt-hours. It runs hydroelectric plants such as Tanes (133 megawatts) on the Nalon, Miranda (64 megawatts) along the Piguena, Proaza (48 megawatts), and Salime (126 megawatts) on the Navia, of which it is a half owner with Electra de Viesgo. It also runs thermal plants such as Abono (360 megawatts), which is being expanded with a second 540-megawatt set that will go on line in 1985, and owns one-third of the Soto de Ribera plant, a 321.5-megawatt facility that is currently being enlarged.

Electra de Viesgo

Electra de Viesgo started up in 1906 in Bilbao with a small hydro plant at Puente Viesgo along the Pas River; it later obtained concessions on the Sil and Navia rivers in 1920. In 1943 it signed a mutual assistance pact with Hidroelectrica del Cantabrico, with which it then built the Salime power plant as an equal partner. It later acquired shares in FENOSA, which is near its service area, because although Viesgo serves mostly the province of Santander, which uses three-fourths of its output, it also serves Oviedo (17 percent), Lugo (4 percent), Palencia (3 percent) and Burgos (2 percent). It joined with ID to build the Santa Maria de Garona nuclear plant as equal partners (both are part of the Nuclenor group). Electra de Viesgo and ID are co-owners of the Guardo thermal power plant, whose second set of 350 kilowatts, which it shares equally with ID, will go on line in 1985.

Hidroelectrica de Cataluna

To conclude our report on the major UNESA firms, we will note that Hidroelectrica de Cataluna (HECSA) covers 14 percent of the consumption of the Catalan market and also serves part of the province of Huesca, which it shares with the other Catalan firms. HECSA and ENHER are equal co-owners of the Besos I and II thermal plants (150 and 300 megawatts) and of the 500-megawatt Foix thermal plant. Both these plants can use either fuel oil, natural gas or gas oil. HECSA has a 23 percent share in the Vandellos I nuclear power plant and a 28 percent share in the building of Vandellos II, as well as a 15 percent involvement in Asco II. HECSA's puts out around 3 billion kilowatt-hours, and its 2,000 employees serve about 700,000 customers in its Catalonia and Huesca markets. It has 126.7 installed megawatts on the Ter River, 32 megawatts on the Ebro and 55.4 on the Upper Pallaresa. It is presently building the 400-megawatt Airoto hydroelectric plant.

Electricas Reunidas de Zaragoza (ERZ)

This company was established on 29 December 1910, mainly to produce electric power using any type of generation and to transport and sell it inside and outside Zaragoza.

Today it has a capital stock of 4.154 billion pesetas and in 1982 supplied its market with 2.819 billion kilowatt-hours, up 5.3 percent from the previous year. Its market consists of Aragon (with its three provinces), Soria, Navarre and Guadalajara. It produced 927 million kilowatt-hours on its own (523.4 million from hydroelectric and 402.9 million from the Escatron thermal plant, of which it is joint owner along with ENDESA) and acquired the rest from third-party companies. ERZ has 484,044 customers, with an increase of 4.36 percent in billings in 1982 over 1981. Along with Nansa, ERZ is the highest priced stock on the exchange, where its shares are sold at more than double par, because its market represents a fine opportunity to sell

the surplus energy from the large companies in the sector. ERZ has 20 hydroelectric power plants that put out a total of 221,430 kilowatts over a 220-kilovolt network that stretches 530 kilometers and a 132-kilovolt network that covers 621 kilometers, with 13,300 kilometers of low- and medium-tension lines and 4,033 transformer substations.

The other companies that are part of UNESA are less important and are in some way connected with the major firms. All of them, however, can do fine work in building power plants, transmission lines and transformer substations, and this has enabled UNESA to withstand the serious disruptions that 3 straight years of drought have caused. As of 31 December 1982, the total installed capacity of the plants built by UNESA affiliates, both public and private, stood at 32,633,000 kilowatts, and during this unfavorable year they generated 111.706 billion kilowatt-hours, up more than 10 billion kilowatt-hours from 1972.

8743

CSO: 3548/206

OVERVIEW OF INI PARTICIPANTS IN POWER PRODUCTION

Madrid LUZ Y FUERZA in Spanish Nov-Dec 83 pp 17-20

[Excerpts] The electric power division of the National Institute of Industry (INI) has become very important within the sector, thanks to the recent industrial moves of the National Electric Power Enterprise, Inc (ENDESA), the leading producer of Spain's conventional thermoelectric capacity. If we combine ENDESA's mainly thermoelectric power generation with the hydroelectric output of the Ribagorza National Hydroelectric Enterprise (ENHER), then the installed capacity and output of these two major electric power companies accounts for a very large share of Spain's total installed capacity and output.

ENDESA and ENHER are the leaders of INI's electric power division. The ultimate goal is to establish an operational unit with the rest of the power companies that INI runs.

ENDESA

With current capital and reserves of 105.891 billion pesetas, this enterprise started operations in 1944 as the INI's first major power company. Five months after it was established, 96.8 percent of ENDESA's capital came from the INI, rising to 97.31 percent in 1982. Its activities initially centered on running the anthracite coal-fired plants at Ponferrada: Compostilla I, which is now dismantled, and Compostilla II at Cubilla de Sil, which has 5 sets, 2 of 350 megawatts, 2 of 150 megawatts and 1 of 330 megawatts, the latter inaugurated in 1981. Concurrently, ENDESA started up the Puentes de Garcia Rodriguez industrial mining complex, with 4 sets of 350 megawatts each, extracting about 12 million tons of lignite a year at present from the mine of the same name in La Coruna. ENDESA's coal production, all of which goes to fuel its thermal power plants, totaled 15,042,320 tons in 1982, making it the leading coal producing company in Spain.

ENDESA then has three 350-megawatt sets at the Teruel thermal plant. This plant uses lignite from the mines in Andorra (Teruel), which produces some 3 million tons a year, and secondary lignite from the area.

ENDESA's electric power production goes hand in hand with its mining activities, whether strip mining as in Puentes or underground mining as in Andorra. It has given rise to two mining zones that have become major producers thanks to "on site" consumption, which is a feature of the Puentes and Teruel thermoelectric plants.

ENDESA's mining and power production activities at the conventional plants at Puentes, Teruel and Compostilla make it unique in the electric power sector. Meanwhile, construction work on Set V of the Compostilla II thermal plant, which began in September 1981, is proceeding smoothly, and this 350-megawatt set will go on line in late 1984. Once Set V is completed, the total installed capacity of the Compostilla plant, which uses anthracite and semihard coal from El Bierzo, will be 1,312 megawatts. As far as development projects are concerned, we should mention the Litoral de Almeria thermoelectric power plant, which will generate 550 megawatts and require investments estimated at 37 billion pesetas. Work on this plant, which will burn imported coal, began in late 1980, and it will go on line probably in the second quarter of 1984.

Although ENDESA is mainly involved in thermoelectric power generation, it also has a hydroelectric division. In fact, ENDESA has 10 hydroelectric plants in the upper basin of the Sil River in La Coruna and Orense, with a total capacity of 366 megawatts (Las Ondinas, 80.8 megawatts; Penadrada, 37.6; Santa Marina, 19.2; Barcena, 57.6 and Cornatel, 121.6 along the Upper Sil in the province of Leon, plus the 34-megawatt Querenó in Orense, and the 5.4-megawatt La Ribeira in La Coruna). In fact, ENDESA generated 788 gigawatt-hours of hydroelectric power in 1982. ENDESA's hydroelectric division is building the 32-megawatt Riano hydroelectric plant (with the Aleje waterfalls) and the 76-megawatt Remolina plant, plus the miniplant at Rioscuro in the Sil Basin with its 6.9-megawatt output. It is also looking into an expansion of the Sil hydroelectric system until all of its economic potential is harnessed.

To this list of projects completed and activities under way should be added the Melilla thermal plants, which consist of mobile and diesel sets, and the El Tarajal de Ceuta power plant.

The rated capacity of ENDESA's thermal power plants is 3,450.5 megawatts, and in 1982 they generated 24.604 billion kilowatt-hours, up 16 percent in its share of national power production. Today ENDESA is the leading electric power generator in Spain.

ENDESA is part of the Peninsular Electricity Grid, with more than 5,500 kilometers of 220-kilovolt lines and more than 1,500 kilometers of 380-kilovolt lines. The following are some of the 220-kilovolt lines: Compostilla-La Mudarra, 175.5 kilometers; Montearenas-La Mudarra, 163 kilometers; Compostilla-Trasona, 164.5 kilometers; and the 380-kilovolt

lines: Puentes-Montearenas, 2x165 kilometers; Montearenas-La Mudarra, 169.3 kilometers; Montearenas-La Mudarra, 2x172.4 kilometers; Teruel-Aragon, 2x26.6 kilometers; Aragon-Escatron, 12.5 kilometers; La Mudarra-Madrid, 191.8 kilometers; La Mudarra-Escatron, 400.5 kilometers, and La Mudarra-La Robla, 128.3 kilometers. ENDESA owns the first nine 220- and 380-kilovolt lines outright and has a smaller share in the others.

To complete this rundown of ENDESA activities, we will add that in November 1982 ENDESA concluded an agreement with Union Electrica-FENOSA under which ENDESA assumed a 20 percent share in the first set of the Trillo nuclear power plant, significantly expanding the company's electric power generating activities.

ENHER

ENHER was created in 1946, with the INI as the majority shareholder, for the initial purpose of undertaking the comprehensive development of the Noguera Ribagorzana hydroelectric system in Catalonia; its scope broadened later to the hydroelectric plants on the Ebro and Cinca. ENHER runs a noteworthy group of hydroelectric plants that put out more than 3 billion kilowatt-hours in an average year. The plants on the Ebro were franchised to ENHER in 1956 along the stretch between Escatron and Flix, where it has installed two large hydroelectric plants: Mequinenza (310 megawatts) and Ribarroja (265 megawatts). It is currently building the 200-megawatt Morslets hydroelectric plant. ENHER's hydroelectric output was 2.8252 billion kilowatt-hours in 1982; its thermal generation was 1.9651 billion, and its production of nuclear power totaled 703.6 million kilowatt-hours.

ENHER is a half-owner, along with Hidroelectrica de Cataluna, of Termicas de Beso, which has 2 sets of 150 and 300 megawatts that in 1982 generated about 1.7 billion kilowatt-hours for ENHER. ENHER also has a share in the 500-megawatt Foix Set in Cubellas, which produced 2.5 billion kilowatt-hours last year for ENHER.

In the nuclear power field, ENHER has a 23 percent share in HIFRENSA, which owns the Vandellos atomic power plant, a 40 percent share in Set II of Asco, 54 percent in the construction of Vandellos II and 40 percent in Trillo II.

ENHER's capital stock totaled 29,273,685,000 pesetas in 1982.

National Electric Power Enterprise of Cordoba (ENECO)

ENECO was founded in 1961, with Sevillana de Electricidad as a half owner, to generate thermoelectric power using coal from the National Coal Enterprise of the South, Inc in the Penarroja-Belmez-Espiel area. It operates three sets at the Puente Nuevo thermoelectric plant, 2 of 40 megawatts and 1 of 312 megawatts, making maximum use

of the low-grade coal resources of Penarroya. The three sets at the Puente Nuevo plant generated 2.5891 billion kilowatt-hours in 1982.

ENECO's capital stock plus reserves currently totals 3.2 billion pesetas.

Gas and Electricity, Inc (GESA)

Founded as a private company in 1927, GESA is today the INI's oldest enterprise, the institute having secured its share in it in 1952. GESA's function is to generate and distribute electricity on Mallorca, Menorca, Ibiza and Formentera. To accomplish this it has the Alcudia II thermal plant with its 2 sets of 125 megawatts each; the first set went on line in 1981, and the second in 1982. GESA also has the San Juan de Dios thermal plant on Mallorca, with 5 steam sets having an installed capacity of 200 megawatts, plus the Son Molinas I plant with its 3 generator sets of 18.6 megawatts and Son Molinas II, which will comprise 3 sets of above-ground gas turbines with a total capacity of 42 megawatts.

On the island of Ibiza, GESA has the Ibiza I plant with its five diesel sets and four gas turbine sets, and the Ibiza II plant with its four diesel sets. The installed capacity on Ibiza is 36 megawatts, and construction is under way on Ibiza III, which will put out 46.5 megawatts burning fuel oil. Menorca, which is linked by underwater cable to Mallorca, has a 24.5-megawatt plant at Mahon.

GESA is currently operating a very interesting solar power station that employs major developments achieved by the Unisolar association, which is made up of UNESA and the INI.

Electric Power Union of the Canaries

This is the fifth INI enterprise in the electric power sector, and its purpose is to generate, transport and distribute electricity on the Canary Islands. The INI has owned 99.4 percent of the company since 1969. It runs small thermal plants, the last three of which were inaugurated in 1981: Jinamar, 7th set, 23.4 megawatts; Las Salinas, 6th and 7th sets, 15 megawatts; and Punta Grande, 7th set. It has five sets on line at the Candelaria plant on Tenerife, having recently inaugurated the 40-megawatt 5th set, and is presently building two 120-megawatt steam sets on Gran Canaria. The Canaries power company has other small power plants and in 1981 generated 1.422 billion kilowatt-hours.

8743

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COUNTRY CONCERNED EEC, GREENLAND PACT MAY CAUSE OVERFISHING

Reykjavik NEWS FROM ICELAND in English Mar 84 pp 1, 2

[Text]

Fears have arisen over the possible effects on Icelandic fish stocks of the recent agreement on catch rights off Greenland concluded by the Common Market countries — and led to both accusations and admissions that Iceland had been caught napping.

As part of the terms for withdrawing from the EEC during its gradual move towards independence from Denmark, Greenland has agreed to grant fishing fleets from these countries rights to considerable catches in its waters, subject to the approval of the governments concerned. In return, the Common Market will pay Greenland around \$22 million annually besides waiving tariffs on its exports.

What particularly concerns Iceland are the quotas conceded by Greenland on a number of species, predominantly off its

eastern coast. It has been established that migratory stocks from this area move in to Icelandic waters, although the exact quantity of fish involved is unknown. By far the most important items in the agreement are 57,000 tons of ocean perch (redfish), 17,000 tons of cod and 4,350 tons of shrimp — in addition to any catches made by the fishermen of Greenland themselves.

These figures are not insignificant when compared with Iceland's 1984 catch quotas of 220,000 tons of cod and 100—110,000 tons of ocean perch, while the total 1983 shrimp take, which is only partially subject to quota restrictions, was just below 13,000 tons.

EEC countries, in particular West Germany, have fished in Greenland's waters ever since it joined the Common Market, although these quotas represent an increase in catches at the same time that Iceland is being forced to pare down its own quotas in the interests of conservation.

Greenland's agreement with the Common Market countries amounts to a hidden export deal. For a sparsely-populated country with a modest fishing fleet, the question of whether fish should be sold processed and ready-packed or simply straight out of the sea is somewhat academic.

The general consensus of opinion at an Althing (parliament) debate on a motion calling for talks with Greenland was that the country could hardly be blamed for agreeing to the offer, regrettable as it was, and that Iceland had to a large extent *been caught napping by not attempting to influence the course of these negotiations.*

Foreign Minister Geir Hallgrímsson (Independence Party) pointed out that "the demands which Iceland makes towards Greenland are at the same time its obligations," and that a mutual fishing policy should be formulated between the countries since the interests of both were at stake.

CSO: 3600/15

SULFUR EMISSIONS RISE IN WEST, EAST EUROPE

Duesseldorf HANDELSBLATT in German 25 Jan 84 p 5

[Text] Berlin, 24 Jan 84--At the present time, the FRG "produces" just under half of its air pollution itself through sulfur compounds; 51.6 percent is "imported" through the atmosphere. By 1990, it is probable that more than two-thirds of the air pollution will come from abroad. There will have been very little change in the overall pollution load.

This is the startling conclusion of a study by the "International Institute for Environment and Society," a part of the Berlin Science Center. The project was performed with the financial support of the German Research Association.

Whereas the efforts of recent years have led to somewhat of a reduction in sulfur emissions in heavily populated areas, stagnation is seen in the case of large-scale air pollution extending over thousands of kilometers and taking place at high altitudes. For nitric oxides, one must even expect an increase.

Institute Calls for International Agreements

According to institute precalculations (author is Dr Volker Prittwitz), sulfur emissions in the FRG will decline from 3,500 kilotons per year in 1980 to about 3,000 kilotons annually in 1990. At the same time, however, other European countries will emit substantially more sulfur. Here the study also indicates the "tall-chimney policy" of various European industrial countries--in Poland, for example, which, in the final analysis, is detrimental to the FRG.

It is expected that just for the signatory countries of the ECE (Economic Commission for Europe) agreement on extensive frontier-crossing air pollution, sulfur emissions will increase from 64,035 kilotons in 1980 to 68,500 kilotons in 1990. In addition, one must expect greater loads of nitric oxides, for numerous industrial countries are just now entering into a phase of industrialization in which high burning temperatures with the corresponding precipitations are characteristic of their production processes. In view of the fact that air pollutants are stored and thus concentrated in soils, plants and materials, such a trend for European air pollution would be nothing short of catastrophic, according to the study.

Difficulties Programmed in Advance

The strongest emissions of sulfur dioxide in central Europe are now coming from the GDR, followed by Belgium, the CSSR and Great Britain with the FRG in seventh place. In the case of the nitric oxides, the greatest loads are from the Netherlands, Belgium, the FRG and Great Britain. In this case, the GDR and the CSSR are far behind in places six and eight, respectively.

The upshot of these factual findings can only be that an environmental foreign policy is needed at the national levels, eventually leading to binding international agreements, possibly also linked with technological and financial assistance. But that is a long way off.

To be sure, after the Scandinavian countries sought to make themselves heard as early as the 1970's, the FRG, as a "particularly affected country," has in recent years undertaken some initiatives at the international level--desulfurization of flue gas and unleaded gasoline--but here as well there is neither a universal concept, clearly defined goals nor an efficient means. Difficulties, then, are constantly being programmed in advance, as Dr Prittwitz said in presenting the study. As long as environmental policy is being taken care of "on the side" by Interior Ministry officials and subordinately by the Federal Environmental Office, and as long as the Foreign Ministry does not play any significant role in these questions, then one will still be a long way from even a partially satisfying policy. At the same time, Prittwitz does not want to hide the fact that the trend is indeed turning away from purely formal and nonbinding settlements toward more concrete improvements.

9746

CSO: 3620/200

ENVIRONMENTAL TRIBUNAL HITS FRG, GDR PRACTICES

Hamburg DER SPIEGEL In German 5 Mar 84 pp 99-104

[Article: "'Almost All Higher Organisms Destroyed'--Verdicts by Protectors of the Environment About East and West German Industrial Enterprises"]

[Text] An international jury which, with financial aid by the Dutch Government, last fall conducted an "International Waters Tribunal" in Rotterdam about the pollution of the Rhine, Weser and Elbe and their tributaries voiced its "concern" and "amazement" at the ecological sins of authorities and enterprises in West and East Germany. The jurors, who include Liesel Hartenstein, SPD environmental expert in the Bundestag, and Prof Hartmut Bick, former chairman of the Bonn Council of Experts on the Environment, have now submitted the reasons for their judgments in writing. Here are some excerpts:

In the case of Uwe Lahl (Bremen) against the "Ernst Thaelmann," "Einheit" and "Marx-Engels" potassium mines as well as Erich Honecker, chairman of the GDR Council of State:

"The jury recognizes the evidence according to which the emissions of the mentioned concerns make up 80 percent of the Weser's salt pollution. Since the late sixties, this amount has exceeded the quota agreed in 1947 by more than 500 percent. The extreme fluctuating concentrations of salt have destroyed almost all higher forms of life in the waters of the Werra, and to a lesser extent also in the Upper Weser. It is recognized that a high-dosage daily intake of sodium chloride represents a serious risk factor for mankind.... Since the water of the Weser is used for producing drinking water for a lot of people, the jury is concerned about the potential danger to human life.

"In light of the fact that the chairman of the Council of State formally signed the Final Act of Helsinki and the Basic Treaty in which the obligations concerning these ecological problems were agreed on, as well as in light of the fact that the named concerns are state owned, the jury calls on the German Democratic Republic to bring the negotiations with the Federal Republic of Germany, which have already lasted a long time, to an immediate constructive conclusion."

In the case of the Dutch Society for Preserving the Mud Flats (Harlingen) against numerous companies on northwest European rivers:

"The jury found that there was sufficient evidence of the following plants contributing to the pollution of waters with polychlorinated biphenyl (PCB): BASF (Antwerp), Akzo-Chemie (Herkenbosch), Akzo-Chemie (Weert), Dynamit Nobel (Rheinfelden), Rhone-Poulenc (Chalampe), the Waldhof-Aschaffenburg Paper Works (Mannheim) and Dow Chemical (Stade).

"As for the following plants, there was reason to suspect that they emitted PCB substances with their waste, but the submitted evidence was not conclusive: Bayer (Antwerp), Solvay (Antwerp), Dow Chemical (Terneuzen), Solvay (Jemeppe sur Sambre), Hoechst (Weert), Chemical Waste Disposal (Rheinfelden), Solvay (Rheinberg), Shell Nederland Chemie (Rotterdam), Duphar (Amsterdam), Duphar (Amsterdam), Boehringer (Hamburg).

"The large amounts of PCB which are already polluting the environment are increased further by the waste of the companies mentioned. The jury shares the view of the plaintiffs that these combinations represent a serious threat to many organisms. The fact that children fed with mother's milk have to be regarded as exposed to particular risk is disquieting.

"Those companies which in the jury's view emit PCB substances to the environment, even if they do not themselves produce these substances, therefore ought to check their procedures very carefully in order to avoid further emissions."

In the case of the Physics and Geosciences Environmental Protection Group (Hamburg) against Norddeutsche Affinerie AG (North German Refinery) (Hamburg):

"Through various pipes...there occur emissions of water polluted by heavy metals. The metals in question are cadmium, arsenic, nickel, zinc, copper and lead. A considerable part of this polluted water apparently comes either from surface drainage or groundwater or both. This contaminated water flows unhindered into the Mueggenberger Kanal and from there into other waters of the Port of Hamburg and of the Elbe.

"The jury is aware of scientific data indicating that the population in the contaminated areas may be absorbing such amounts of cadmium or lead as are injurious to its health (renal malfunction in the case of cadmium and malfunction of the nervous system in the case of lead). Heavy metals can also have an injurious effect on other forms of life. The jury is therefore alarmed about the so far inadequate measures of the Norddeutsche Affinerie to curtail these emissions."

In the case of the Cologne group "Save the Rhine" against Bayer AG (Leverkusen):

"In 1982, organic chemicals were found in the Rhine at kilometer marker 669-700. It was probably a case of emissions of Bayer AG. Chloroaniline, dichlorobenzene and dichloroaniline are on the "blacklist," with zero emissions supposed to be the norm. The samples obtained in the course of the "Flowing Wave" investigation at kilometer marker 699-700 also contained certain heavy metals,

leading to the conclusion that cadmium (blacklist) as well as lead and chrome (both on the gray list) are contained in the Bayer waste.

"The jury joins the plaintiffs' urgent request to Bayer AG consistently to employ the best technical means in order to get the remaining problems of sewage clarification under control.

In the case of the Bergedorf Chemical Group (Hamburg) against C.H. Boehringer & Son (Hamburg):

"The jury had received sufficient evidence that the groundwater below the company premises as well as below certain areas of the surrounding area is seriously contaminated with chlorine-containing organic combinations, including chlorobenzene and hexachlorocyclohexane (HCH). There is no doubt that this contamination was caused by the company mentioned.

"The possibility exists that this contamination of groundwater infringes on the production of drinking water in the Kaltehofe and Moorfleet waterworks. The authorities are therefore urgently requested to introduce a system of surveillance and to decide about necessary measures to improve the groundwater on the premises of the company mentioned. Despite precleaning by the company concerned, contamination through introduction into the canalization network of the City of Hamburg continues to be substantial. The jury was amazed that the municipal authorities couched their wastewater permit in very inexact language and used a measuring system of very low sensitivity."

In the case of "Supreme Snooper and Maa Peeper" and the Association for the Protection of the Rhine and Its Tributaries (Frankfurt/Main) against Hoechst AG (Frankfurt/Main):

"The jury found sufficient evidence that the Hoechst Works in Hoechst and Griesheim emit large quantities of chemical waste harmful to the environment, including chemicals with a great need for oxygen (CSB), large amounts of chloride and hundreds of kilograms of halogenated organic combinations containing substantial amounts of chloroform and chloronitrobenzene. The CSB amount emitted by the company concerned is about 40 to 50 percent of the total chemical waste emitted from sources in Hesse into the Main. It raises the pollution from Bavarian sources in the headwaters by about 10 to 20 percent. In the case of the halogenated combinations, the percentage is far greater."

In the case of Stephan Wellershaus (Schiffdorf) against Preussag-Boliden-Blei GmbH (Nordenham) and Preussag-Weser-Zink GmbH (Nordenham):

"The jury accepts the evidence, submitted in writing and orally, of abnormally high concentrations of heavy metals in the sediments of the Weser and the Blexer drainage low around the Preussag plant premises. The heavy metals concerned are lead and cadmium.

"Though it is not clear how the emissions occurred, there is no doubt but that the pollution of the sediments at some time were caused by the plant.

"The evidence submitted concerning the consequences of previous pollution in this area was very impressive. Clearly extraordinary measures are required under these circumstances to reduce to almost nil the emission of liquid polluting substances into the waters.

"In light of the problems at Preussag, the jury agrees that the only available solutions are to reduce the production of lead and the refinement and production processes which produce cadmium as a side product, or to expand the possibilities of eliminating these metals and to treat the metals produced as dangerous substances."

In the case of Wassergruppe Mannheim (Heidelberg) against the Waldhof-Aschaffenburg Paper Works (Mannheim):

"The plaintiffs have shown that the waste emitted by the Waldhof-Aschaffenburg Paper Works in Mannheim into the Rhine are seriously contaminated. The jury notes the undoubted availability of technology required to reduce the damage to the environment by waste from woodpulp-cellulose works. The jury has received information according to which this knowledge has already been put into practice at another plant of this company.

"The jury therefore supports the plaintiffs' demand that the waste of the Mannheim paper plant be reduced, by using the best possible technology, in volume and extent of pollution to a point where it no longer constitutes a danger to the environment."

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FRG SEEN BLOCKING EUROPEAN ENVIRONMENTAL EFFORTS

Duesseldorf WIRTSCHAFTSWOCHE in German 17 Feb 84 pp 20, 23

[Unsigned article: "The German Brakemen"]

[Text] FRG progress in environmental protection matters has received insufficient foreign policy support. A study has found that for years the Germans have blocked negotiations on a European level.

Volker Hauff, SPD's environmental spokesman, took pleasure to remind Friedrich Zimmermann, the CSU minister of the interior, in the Bundestag of the words of his party chief from Munich. "Should joint action within the EEC fail," ran the Strauss quote, "then agreements between willing countries or even a national solo attempt must be considered."

It is no accident that the SPD talks of a "zigzag Zimmermann course" regarding introduction of unleaded gasoline. The federal interior minister, always talking of a "nonnegotiable deadline" of 1 January 1986 for the introduction of environmentally friendly automobiles, continues to leave the back door open. Skeptical statements by colleagues or other ministries who consider joint European action in this matter unlikely, go unchallenged.

For example, Alfred Bayer, undersecretary in the federal transportation ministry proclaimed in early February at an environmental protection symposium of the Hanns Seidel Foundation (close to the CSU) something that his minister had already revealed: "French and Italian resistance to German plans is so great that a Europe-wide introduction of unleaded gasoline by the deadline is highly unlikely." It is obvious that fear of its own bravado is growing in the federal ministry of the interior--for a long time nobody has dared to utter words of a "national solo attempt."

Yet, the fact that the Germans are currently stuck in international environmental protection questions must be ascribed to their own foreign policy of recent years. A new study of the International Institute for Environment and Society at the Berlin Science Center shows that the Germans missed opportunities in many fields of international environmental protection. Indeed, they were even the brakemen. The report,

entitled "Environmental foreign policy--transboundary air pollution in Europe," arrives at the following conclusion: "What is currently considered environmental protection policy--especially on an international level--will presumably turn out to be a boomerang, a basis for further environmental destruction." The gloomy prognosis is that future negative developments caused by harmful substances in the air must be considered "downright catastrophic." German attempts to purify the air should be more than offset by the increasing pollutant emission of other European countries.

An example of serious missed opportunities by German negotiating teams in recent years is provided by the so-called ECE convention. ECE is the European Economic Commission of the UN, and has since 1988 served as a discussion forum for an initiative by the Scandinavian countries for far-reaching activities against increased air pollution that would include the East European countries.

Sweden and Norway took up a declaration made by Leonid Brezhnev, then Soviet head of state and party chief, at the final Helsinki conference on European Security and Cooperation. He had called for multilateral solutions in areas of energy supply, transportation, and environmental protection.

While the first two topics were not considered open for negotiations due to national interests, serious environmental negotiations were carried out within the ECE in 1977. The Scandinavians urged that further increases of air pollution through sulfur dioxide be stopped (Standstill clause") and initial steps be taken to reduce pollution (Rollback clause"). The proposal evoked only little interest. As the study points out, "It soon became apparent that the main resistance to the Nordic proposal did not come from the East European states, but primarily from the West European emitting states, especially from Great Britain and the FRG. The Germans looked skeptically on the entire project, especially on every attempt that would empower the ECE Secretariat to conduct troublesome investigations into the situation in the signatory countries." It was to become even worse: "The position of the British and Germans hardened in 1978. The position of the two countries became the standpoint of the EEC which had to speak with one voice for its members, even though some EEC members--such as the Netherlands and Denmark--would rather have accepted the Nordic plan" The result--the clauses on "standstill" and "rollback" were struck. The compromise formula that called for checking or reducing sulfur emissions "with the best available technology" received at German urging a controversial amendment that the technology would also have to be "economically justifiable."

And it was the French, who Zimmermann with his exhaust gas proposal seemed to find a hard nut to crack, who together with the Scandinavians exerted diplomatic pressure on the FRG to avoid a collapse of the entire agreement. The German delegation in the meantime had already left the negotiating table.

Considerable blame for environmental policy to date must be attached to Foreign Minister Hans Dietrich Genscher, who uses every opportunity to block Zimmermann's attempt to walk a European line in environmental protection.

Last February the interior minister wanted to have initial conversations with Czechoslovak politicians about dying forests. But Genscher acted fast. Even before Zimmermann had received agreement on a specific date, the foreign minister appeared in Prague without any pressing reason and proclaimed with an eye on the elections that he had held intensive discussions about environmental protection. The fact that nothing has come of it is again Zimmermann's problem. The officials of the interior ministry are now hoping that Genscher's activities will not reduce the value of the Munich International Environmental Conference, Scheduled for June.

Table 1. Foreign Policy, a Brake on Environmental Protection

Environmental Positions of European States Regarding European Clean Air Policy

	UK	FRANCE	ITALY	FRG	NETHERLANDS	BELGIUM	DENMARK	SWEDEN	NORWAY	CSSR	GDR	USSR
	GB	F	I	D	NL	B	DK	S	N	CS	DDR	SU
1 Schwefelgehalts-Norm/Schweres Heizöl (EG)	△	▲	▲	○	●	○	○					
2 ECE-Konvention	△	○	▲	△	●	○	○	●	●	○	○	●
3 Weiterarbeit d. „Transboundary Pollution Group“ d. OECD	△	△	▲	△	●	●	●	●	●			
4 Grundsatzrichtlinie Luftreinhaltung (EG)	▲	▲	▲	○	●	●	○					
5 30-Prozent-Initiative (ECE)	▲	▲	▲	●	▲	▲	○	●	●	▲	△	▲
6 Aktion „Bleifreies Benzin“	▲	△	△	●	●	▲	▲	●	●	▲	▲	▲
7	△ Eindeutig ablehnend, ▲ Diffus ablehnend/passiv, ○ Begrenzt zustimmend, ● Eindeutig zustimmend											
	Quelle: Internationales Institut für Umwelt und Gesellschaft, Wissenschaftszentrum Berlin											

KEY:

1. Sulfur Content/Heavy Heating Oil
2. ECE Convention
3. Continued Work on the "Trans-boundary Pollution Policy Group" of the ECE
4. Basic Guidance on Clean Air (ECE)
5. 30 percent Initiative (ECE)
6. "Leadfree Gasoline" Action
7. △ Clearly negative; ▲ Somewhat negative/passive; ○ Somewhat positive; ● Clearly positive

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